

TLOKWE CITY COUNCIL
Parameters to be completed for Current Year

Name of Authority	TLOKWE CITY COUNCIL
Financial Year-end	30 JUNE 2011
End of Next Year	30 JUNE 2012
End of Current Year	30 JUNE 2011
End of Previous Year	30 JUNE 2010
End of Base Year	30 JUNE 2009
Current Year	2011
Previous Year	2010
Base Year	2009
Next Financial Year	2011/2012
Current Financial Year	2010/2011
Previous Financial Year	2009/2010
Comparative Financial Year	2010/11 / 2009/10
Start of Current Year	01 JULY 2010
Start of Previous Year	01 JULY 2009

TLOKWE CITY COUNCIL
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 JUNE 2011

REPORT OF THE CHIEF FINANCIAL OFFICER

1. INTRODUCTION

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003). The standards and pronouncements that form the GRAP Reporting Framework for the 2010/11 financial period is set out in Directive 5 Issued by the Accounting Standards Board (ASB) on 11 March 2009.

Despite having instituted various control measures in order to improve the overall financial results of the municipality, the collection of arrear debt remains a challenge. The increase in the debtors book together with the increased number of indigent customers is indicative of the poverty that exists within the municipal area. However, the ongoing reviewing and monitoring of debt collection performance is expected to result in an improvement in the collection of arrears.

2. KEY FINANCIAL INDICATORS

The following indicators give some insight into the financial results of the year under review.

Financial Statement Ratios:

INDICATOR	2011	2010
Surplus / (Deficit) before Appropriations	64,350,264	77,159,835
Surplus / (Deficit) at the end of the Year	1,300,227,526	1,258,532,483
Expenditure Categories as a percentage of Total Expenses:		
Employee Related Costs	33.15%	32.33%
Remuneration of Councillors	1.72%	1.77%
Depreciation and Amortisation	5.13%	3.61%
Impairment Losses	2.69%	2.27%
Repairs and Maintenance	6.03%	6.28%
Interest Paid	0.52%	0.73%
Bulk Purchases	31.99%	27.63%
Contracted Services	4.83%	6.53%
Grants and Subsidies Paid	4.92%	4.15%
General Expenses	9.01%	14.70%
Current Ratio:		
Creditors Days	26	44
Debtors Days	60	60

3. OPERATING RESULTS

Details of the operating results per segmental classification of expenditure are included in Appendix "D".

The overall operating results for the year ended 30 June 2011 are as follows:

DETAILS	Actual 2010/2011 R	Actual 2009/2010 R	Percentage Variance %	Budgeted 2010/2011 R	Variance actual/ budgeted %
Income:					
Operating income for the year	716,809,235	678,920,172	5.58%	724,576,355.00	-1.07%
	716,809,235	678,920,172	5.58%	724,576,355.00	-1.07%
Expenditure:					
Operating expenditure for the year	652,458,971	601,760,337	8.43%	669,779,332.00	-2.59%
	652,458,971	601,760,337	8.43%	669,779,332.00	-2.59%

3.1 Rates and General Services:

Rates and General Services are all types of services rendered by the municipality, excluding those listed below. The main income sources are Assessment Rates and Sundry Fees levied.

DETAILS	Actual 2010/2011 R	Actual 2009/2010 R	Percentage Variance %	Budgeted 2010/2011 R	Variance actual/ budgeted %
Income	176,831,738	188,721,674	(6.30)%	150,204,480	17.73%
Expenditure	102,533,860	90,536,052	13.25%	76,291,849	34.40%
Surplus / (Deficit)	74,297,878	98,185,622	(24.33)%	73,912,631	
Surplus / (Deficit) as % of total income	42.02%	52.03%		49.21%	

3.2 Housing Services:

Housing Services are services rendered by the municipality to supply housing to the community and includes the rental of units owned by the municipality to public and staff. The main income source is the levying of Housing Rentals.

DETAILS	Actual 2010/2011 R	Actual 2009/2010 R	Percentage Variance %	Budgeted 2010/2011 R	Variance actual/ budgeted %
Income	2,245,938	2,053,439	-	-	-
Expenditure	12,161,922	12,889,699	(5.65)%	3,472,633	250.22%
Surplus / (Deficit)	(9,915,984)	(10,836,260)	(8.49)%	(3,472,633)	
Surplus / (Deficit) as % of total income	100%	100%		100%	

3.3 Refuse Services:

Refuse Services are services rendered by the municipality for the collection and disposal of refuse. Income is mainly generated from the levying of fees and tariffs determined by the council.

DETAILS	Actual 2010/2011 R	Actual 2009/2010 R	Percentage Variance %	Budgeted 2010/2011 R	Variance actual/ budgeted %
Income	20,889,410	17,181,291	21.58%	25,330,748	(17.53)%
Expenditure	22,079,487	25,611,772	(13.79)%	24,290,380	(9.10)%
Surplus / (Deficit)	(1,190,077)	(8,430,481)	(85.88)%	1,040,368	
Surplus / (Deficit) as % of total income	(5.70)%	(49.07)%		4.11%	

3.4 Electricity Services:

Electricity is bought in bulk from Eskom and distributed to the consumers by the municipality. The cost of bulk purchases to the municipality was R202 565 784 (2009/2010: R162 236 942). Tariffs levied for electricity are subject to administered adjustments.

DETAILS	Actual 2010/2011 R	Actual 2009/2010 R	Percentage Variance %	Budgeted 2010/2011 R	Variance actual/ budgeted %
Income	362,911,625	297,475,308	22.00%	274,970,878	31.98%
Expenditure	244,177,496	200,380,178	21.86%	200,168,446	21.99%
Surplus / (Deficit)	118,734,129	97,095,130	22.29%	74,802,432	
Surplus / (Deficit) as % of total income	32.72%	32.64%		27.20%	

3.5 Water Services:

Water is bought in bulk from the Department of Water and distributed to the consumers by the municipality. The cost of bulk purchases to the municipality was R6 143 542 (2009/2010: R4 026 435). Tariffs levied for water are subject to administered adjustments.

DETAILS	Actual 2010/2011 R	Actual 2009/2010 R	Percentage Variance %	Budgeted 2010/2011 R	Variance actual/ budgeted %
Income	98,232,647	98,048,622	0.19%	56,422,194	74.10%
Expenditure	50,809,788	43,614,167	16.50%	34,507,713	47.24%
Surplus / (Deficit)	47,422,859	54,434,455	(12.88)%	21,914,481	
Surplus / (Deficit) as % of total income	48.28%	55.52%		38.84%	

3.6 Sewerage Services:

Sewerage Services are services rendered by the municipality for the purifying and disposal sewerage. Income is mainly generated from the levying of fees and tariffs determined by the council.

DETAILS	Actual 2010/2011 R	Actual 2009/2010 R	Percentage Variance %	Budgeted 2010/2011 R	Variance actual/ budgeted %
Income	37,090,390	33,952,569	9.24%	37,723,906	(1.68)%
Expenditure	20,880,266	18,940,623	10.24%	20,557,799	1.57%
Surplus / (Deficit)	16,210,124	15,011,946	7.98%	17,166,107	
Surplus / (Deficit) as % of total income	43.70%	44.21%		45.50%	

4. FINANCING OF CAPITAL EXPENDITURE

The expenditure on Property, Plant and Equipment during the year amounted to R 81 540 957 (2009/2010: 79 809 325). Full details of Property, Plant and Equipment are disclosed in Note 7 and appendices "B, C and E (2)" to the Annual Financial Statements.

5. RECONCILIATION OF BUDGET TO ACTUAL

5.1 Operating Budget:

DETAILS	2011	2010
<i>Variance per Category:</i>		
Budgeted surplus before appropriations	54,797,023	8,969
Revenue variances	(7,767,120)	109,619,119
Expenditure variances:		
Employee Related Costs	(4,448,496)	(13,435,212)
Remuneration of Councillors	36,964	238,291
Depreciation and Amortisation	(3,782,885)	4,951,359
Impairment Losses	(8,549,168)	(9,656,504)
Repairs and Maintenance	13,246,810	7,847,349
Interest Paid	7,456,824	1,218,353
Bulk Purchases	10,278,854	508,250
Contracted Services	4,720,677	2,918,618
Grants and Subsidies Paid	(6,771,718)	(3,643,147)
General Expenses	5,132,499	(23,415,610)
Actual surplus before appropriations	64,350,264	77,159,835

Details of the operating results per segmental classification of expenditure are included in Appendix "D", whilst operational results per category of expenditure, together with a cryptic explanation of significant variances of more than 10% from budget, are included in Appendix "E (1)".

5.2 Capital Budget:

DETAILS	Actual 2010/2011 R	Actual 2009/2010 R	Variance actual 2010/11 / 2009/10 R	Budgeted 2010/2011 R	Variance actual/ budgeted R
Executive and Council	1,036,769	167,010	869,759	1,071,415	(34,646)
Finance and Administration	1,562,287	18,852,561	(17,290,274)	1,656,491	(94,204)
Planning and Development	439,806	186,306	253,500	442,674	(2,868)
Health	-	-	-	-	-
Community and Social Services	6,025,759	6,248,594	(222,835)	6,667,254	(641,495)
Housing	43,327	14,073	29,254	46,150	(2,823)
Public Safety	2,355,823	31,840	2,323,984	2,569,829	(214,006)
Sport and Recreation	-	1,716,732	(1,716,732)	-	-
Waste Management	1,163,606	7,972,841	(6,809,235)	3,400,000	(2,236,394)
Roads and Transport	33,471,767	23,043,982	10,427,785	52,131,153	(18,659,386)
Water	52,374	10,963,358	(10,910,984)	135,359	(82,985)
Electricity	34,988,143	10,607,838	24,380,305	43,438,158	(8,450,015)
Other	401,295	4,190	397,105	413,117	(11,822)
	81,540,957	79,809,325	1,731,632	111,971,600	(30,430,643)

Details of the results per segmental classification of capital expenditure are included in Appendix "C", together with a cryptic explanation of significant variances of more than 10% from budget, are included in Appendix "E (2)".

6. ACCUMULATED SURPLUS

The balance of the Accumulated Surplus as at 30 June 2011 amounted to R 1 300 227 527 (30 June 2010: R1 127 375 869) and is made up as follows:

Capital Replacement Reserve	63,377,148
Accumulated Surplus	<u>1,236,850,379</u>
	<u>1,300,227,527</u>

The Capital Replacement Reserve replaces the previous statutory funds, like the Capital Development Fund, and is a cash-backed reserve established to enable the municipality to finance future capital expenditure. Cash contributions, depending on the availability of cash, is made annually to the reserve.

The municipality, in conjunction with its own capital requirements and external funds (external loans and grants) is able to finance its annual infrastructure capital programme.

Refer to the Statement of Change in Net Assets for more detail.

7. LONG-TERM LIABILITIES

The outstanding amount of Long-term Liabilities as at 30 June 2011 was R21 889 953 (30 June 2010: R22 687 462).

Refer to Note 17 and Appendix "A" for more detail.

8. RETIREMENT BENEFIT LIABILITIES

The outstanding amount of Retirement Benefit Liabilities as at 30 June 2011 was R101 095 956 (30 June 2010: R83 505 470).

This liability is in respect of continued Health Care Benefits for employees of the municipality after retirement being members of schemes providing for such benefits. This liability is unfunded.

Refer to Note 18 for more detail.

9. NON-CURRENT PROVISIONS

Non-current Provisions amounted to R16 085 742 as at 30 June 2011 (30 June 2010: R15 818 690) and is made up as follows:

Provision for Long-term Service Awards	8,081,680
Provision for Rehabilitation of Landfill Sites	<u>8,004,062</u>
	<u>16,085,742</u>

These provisions are made in order to enable the municipality to be in a position to fulfil its known legal obligations when they become due and payable.

Refer to Note 19 for more detail.

11. CURRENT LIABILITIES

Current Liabilities amounted to R78 076 484 as at 30 June 2011 (30 June 2010: R102 073 234) and is made up as follows:

Consumer Deposits	Note 12	10,757,649
Provisions	Note 13	8,389,620
Creditors	Note 14	46,177,107
Unspent Conditional Grants and Receipts	Note 15	11,869,742
Current Portion of Long-term Liabilities	Note 17	<u>882,367</u>
		<u>78,076,484</u>

Current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the municipality will not be able to meet its obligations.

Refer to the indicated Notes for more detail.

12. PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment was R936 540 959 as at 30 June 2011 (30 June 2010: R891 129 556).

Refer to Note 7 and Appendices "B, C and E (2)" for more detail.

13. INTANGIBLE ASSETS

The net value of Intangible Assets amounted to R126 472 as at 30 June 2011. (30 June 2010: R188 589)

Refer to Note 8 for more detail.

14. INVESTMENTS

The municipality held Investments to the value of R - (2010: R31 163 860).

The bulk of these investments are ring-fenced for purposes of the Capital Replacement Reserve, Unspent Conditional Grants and security for Long-term Liabilities, with the result that no significant amounts are available for own purposes.

Refer to Note 10 for more detail.

15. LONG-TERM RECEIVABLES

Long-term Receivables amounted to R45 268 (2010: R4 023 024) and is made up as follows:

Sale of Erven	45,268
Capitalised Arrear Services	-
	<hr/> 45,268
Less: Short-term portion included in Current Assets	-
	<hr/> <hr/> 45,268

Refer to Note 11 for more detail.

16. CURRENT ASSETS

Current Assets amounted R1 046 546 156 as at 30 June 2011 (30 June 2010: R1 024 662 185) and is made up as follows:

Inventory	Note 2	782,947,363
Trade Receivables from Exchange Transactions	Note 4	91,075,866
Trade Receivables from Non-Exchange Transactions	Note 5	52,904,103
Cash and Cash Equivalents	Note 6	110,716,823
		<hr/> 1,046,546,156

Refer to the indicated Notes for more detail.

17. INTER-GOVERNMENTAL GRANTS

The municipality is dependent on financial aid from other government spheres to finance its annual capital programme. Operating grants are utilised to finance indigent assistance and provision of free basic services.

Refer to Notes 15,27 and 35, and Appendix "F" for more detail.

18. EVENTS AFTER THE REPORTING DATE

Full details of all known events, if any, after the reporting date are disclosed in No. 49.

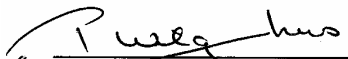
19. GENERAL RECOGNISED ACCOUNTING PRACTICE (GRAP)

In order to adhere to principles and procedures prescribed by law and the directions of National Treasury, the Annual Financial Statements have been converted to the new reporting GRAP-format and is now presented as such on a continuous basis.

The unbundling process was carried out as at 30 June 2011, with the result that no comparative figures are available for e.g. the Statement of Financial Performance and the Cash Flow Statement. However, it was endeavoured to supply as much information as possible.

20. EXPRESSION OF APPRECIATION

We are grateful to the Executive Mayor, members of the Mayoral Committee, Councillors, the Municipal Manager and Heads of Departments for the support extended during the financial year. A special word of thanks to all staff in the Finance Department, for without their assistance these Annual Financial Statements would not have been possible.


for **CHIEF FINANCIAL OFFICER**

31 August 2011

TLOKWE CITY COUNCIL
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2011

	Note	2011 R	2010 R
ASSETS			
Current Assets		1,046,546,156	1,024,662,185
Inventory	2	782,947,363	804,794,926
Non-current Assets Held-for-Sale	3	8,902,000	9,097,000
Trade Receivables from Exchange Transactions	4	91,075,866	84,966,975
Trade Receivables from Non-Exchange Transactions	5	52,904,103	47,388,718
Cash and Cash Equivalents	6	110,716,823	78,182,085
Current Portion of Long-term Receivables	11	-	232,480
Non-Current Assets		961,132,699	950,692,550
Property, Plant and Equipment	7	936,540,959	891,129,556
Intangible Assets	8	126,472	188,589
Investment Property	9	24,420,000	24,420,000
Non-current Investments	10	-	31,163,860
Long-term Receivables	11	45,268	3,790,544
Total Assets		2,007,678,854	1,975,354,734
LIABILITIES			
Current Liabilities		78,076,484	102,073,234
Consumer Deposits	12	10,757,649	9,902,512
Provisions	13	8,389,620	6,147,102
Creditors	14	46,177,107	71,886,836
Unspent Conditional Grants and Receipts	15	11,869,742	12,893,257
Short-term Loans	16	-	475,583
Current Portion of Long-term Liabilities	17	882,367	767,944
Non-Current Liabilities		138,189,284	121,243,678
Long-term Liabilities	17	21,007,586	21,919,518
Retirement Benefit Liabilities	18	101,095,956	83,505,470
Non-current Provisions	19	16,085,742	15,818,690
Total Liabilities		216,265,768	223,316,912
Total Assets and Liabilities		1,791,413,086	1,752,037,823
NET ASSETS			
Statutory Funds	20	12,482,043	12,091,822
Reserves	21	478,703,517	481,413,517
Accumulated Surplus / (Deficit)	22	1,300,227,526	1,258,532,483
Total Net Assets		1,791,413,086	1,752,037,823

TLOKWE CITY COUNCIL
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011

Budget			Actual	
2010	2011		2011	2010
R	R	Note	R	R
REVENUE				
Revenue from Non-exchange Transactions				
77,464,960	79,402,332	23	80,360,659	73,776,606
12,072,867	12,075,000		6,854,447	17,816,579
2,530,000	2,150,000		5,087,302	4,693,632
261,250	250,000		334,130	118,155
61,216,230	126,921,062	27	105,086,499	98,800,837
Revenue from Exchange Transactions				
6,400,000	3,500,000	24	8,526,311	9,366,552
17,000,000	18,000,000	24	15,542,059	16,214,287
379,680,644	470,747,451	25	476,112,036	440,479,109
3,898,626	3,917,960	26	4,820,234	4,138,919
8,858,476	16,907,543	28	14,085,558	13,515,237
(82,000)	(9,294,993)		-	260
569,301,053	724,576,355	Total Revenue	716,809,235	678,920,172
EXPENDITURE				
181,084,467	211,849,299	29	216,297,795	194,519,679
10,916,249	11,284,398	30	11,247,434	10,677,958
26,688,076	29,698,786	31	33,481,671	21,736,717
4,000,000	9,000,000	32	17,549,168	13,656,504
45,624,212	52,610,159		39,363,349	37,776,863
5,606,500	10,840,612	33	3,383,788	4,388,147
166,771,626	218,988,180	34	208,709,326	166,263,376
42,221,747	36,208,087		31,487,410	39,303,129
21,334,438	25,352,335	35	32,124,053	24,977,585
65,044,769	63,947,476	36	58,814,977	88,460,379
569,292,084	669,779,332	Total Expenditure	652,458,971	601,760,337
8,969	54,797,023	SURPLUS / (DEFICIT) FOR THE YEAR	64,350,264	77,159,835
Refer to Appendix E(1) for explanation of budget variances				

Include details of restatement of prior year figures, due to errors & changes in accounting policies

Ex. The prior year's comparative figures for finance cost have been restated due to the recording of a correction of error. Please refer to notes 38 for detail of the restatements mentioned.

TLOKWE CITY COUNCIL
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2011

Description	Housing Development Fund	Revaluation Reserve	Total for Accumulated Surplus/(Deficit) Account	Total
	R	R	R	R
2009				
Balance at 30 JUNE 2009	11,897,965	481,413,517	437,618,159	930,929,641
Correction of Error (Note 38)	-	-	743,948,347	743,948,347
Balance at 30 JUNE 2009	11,897,965	481,413,517	1,181,566,506	1,674,877,988
2010				
Surplus / (Deficit) for the year			77,159,835	77,159,835
Transfer from Housing Development Fund	193,857	-	(193,857)	-
Balance at 30 JUNE 2010	12,091,822	481,413,517	1,258,532,484	1,752,037,823
2011				
Restated Balance	12,091,822	481,413,517	1,258,532,484	1,752,037,823
Surplus / (Deficit) for the year	-	-	64,350,264	64,350,264
Transfer from Housing Development Fund	390,220	-	(390,220)	-
Net gains / (losses) not recognised in the Statement of Financial Performance	-	(2,710,000)	(22,265,000)	(24,975,000)
Balance at 30 JUNE 2011	12,482,043	478,703,517	1,300,227,527	1,791,413,086
	-	-		-

Details on the movement of the Funds and Reserves are set out in Note 20,21 & 22

TLOKWE CITY COUNCIL
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 R	2010 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from Ratepayers, Government and Other		680,443,586	637,491,697
Cash paid to Suppliers and Employees		(620,688,519)	(585,953,957)
Cash generated from / (utilised in) Operations	39	59,755,067	51,537,740
Interest received	24	24,068,370	25,580,839
Interest paid	33	(3,383,788)	(5,229,878)
NET CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		80,439,649	71,888,701
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	7	(81,540,957)	(79,809,325)
(Increase) / decrease in Non-current Investments	10	31,163,860	6,908,980
(Increase) / decrease in Long-term Receivables	11	3,745,276	1,555,040
NET CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		(46,631,820)	(71,345,304)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans obtained	16	(475,583)	475,583
Loans repaid	17	(797,508)	(385,096)
NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		(1,273,091)	90,487
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	6	32,534,738	633,883
Cash and Cash Equivalents at the beginning of the year		78,182,085	77,548,202
Cash and Cash Equivalents at the end of the year		110,716,823	78,182,085

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

1. GENERAL INFORMATION

Tlokwe Municipality is a local government institution in Potchefstroom, North West Province. The addresses of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction and overview of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by the Constitution.

	2011 R	2010 R
2. INVENTORY		
Stores - at cost	12,388,949	12,198,100
Land Stock	770,383,060	792,453,060
Water - at Cost	175,354	143,767
Total Inventory	782,947,363	804,794,926
Reconciliation		
Opening Balance	13,174,126	15,769,041
Stock received	12,239,247	10,578,825
Stock issued	(13,024,424)	(13,173,741)
Closing Balance	12,388,949	13,174,126

This reconciliation consists of consumables stores, maintenance materials and spare parts.

Inventory has been restated to adhere to the disclosure provisions for Assets classified as Held-for-Sale. Refer to Note 38 on "Correction of Error" for details of the restatement.

Inventories are held for own use with the result that no write downs of Inventory to Net Realisable Value were required.

Inventory is net of specific provisions for obsolescence.

Inventory deficits to the value of R2,8 million (2010: R2,35 million) and inventory surpluses to the value of R1,7 million (2010: R1,25 million) was identified at year end. This resulted in inventory being decreased with a net amount of R1,1 million at year end.

3. NON-CURRENT ASSETS HELD-FOR-SALE

Property Held-for-Sale - at cost	8,902,000	9,097,000
Total Assets classified as Held-for-Sale	8,902,000	9,097,000
Liabilities associated with Assets classified as Held-for-Sale	-	-
Net Assets classified as Held-for-Sale	8,902,000	9,097,000

3.1 Property Held-for-Sale

The municipality intends to dispose of a parcel of land it no longer utilises in the next few months.

4. TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances	Provision for Impairment	Net Balances
As at 30 JUNE 2011			
Service Debtors:	83,565,956	35,223,769	48,342,187
Electricity	48,132,206	20,442,949	27,689,257
Refuse	6,296,373	2,667,721	3,628,652
Sewerage	9,101,750	3,759,055	5,342,695
Water	20,035,627	8,354,044	11,681,583
Other Debtors	73,924,527	31,190,847	42,733,679
Total Consumer Debtors	157,490,482	66,414,616	91,075,866

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Gross Balances	Provision for Impairment	Net Balances
As at 30 JUNE 2010			
Service Debtors:	81,829,659	39,190,141	42,639,518
Electricity	39,355,193	18,848,124	20,507,069
Refuse	7,123,474	3,411,599	3,711,876
Sewerage	9,387,785	4,496,030	4,891,755
Water	25,963,207	12,434,388	13,528,819
Other Debtors	79,268,887	36,941,430	42,327,457
Total Consumer Debtors	161,098,546	76,131,570	84,966,975

Consumer debtors are billed monthly, normally on the 23 rd of each month. No interest is charged on trade receivables until the 7th of the following month. Thereafter interest is charged at a rate determined by council on the outstanding balance. A credit control By-law has been approved by council to ensure recovery of Consumer debtors.

The municipality receives applications for water and electricity connections that it processes. Deposits are required to be paid for all water and electricity accounts opened.

The management of the municipality is of the opinion that the carrying value of Consumer Debtors approximate their fair values.

The fair value of Consumer Debtors was determined after considering the standard terms and conditions of agreements entered into between the municipality and Consumer Debtors as well as the current payment ratio's of the municipality's Consumer debtors.

	2011 R	2010 R
4.1 Ageing of Consumer Debtors		
Electricity: Ageing		
<u>Current:</u>		
0 - 30 days	40,866,657	30,607,326
<u>Past Due:</u>		
31 - 60 Days	2,376,868	1,314,229
61 - 90 Days	545,217	654,465
91 - 120 Days	323,590	471,348
+ 120 Days	4,019,874	6,307,825
Total	48,132,206	39,355,193
Refuse: Ageing		
<u>Current:</u>		
0 - 30 days	1,479,508	1,193,747
<u>Past Due:</u>		
31 - 60 Days	396,869	321,961
61 - 90 Days	265,248	241,227
91 - 120 Days	213,092	205,168
+ 120 Days	3,941,655	5,161,372
Total	6,296,373	7,123,474
Sewerage: Ageing		
<u>Current:</u>		
0 - 30 days	2,408,264	2,068,667
<u>Past Due:</u>		
31 - 60 Days	613,723	466,845
61 - 90 Days	336,549	362,277
91 - 120 Days	256,043	330,801
+ 120 Days	5,487,172	6,159,194
Total	9,101,750	9,387,785
Water: Ageing		
<u>Current:</u>		
0 - 30 days	8,200,046	12,327,904
<u>Past Due:</u>		
31 - 60 Days	1,984,180	691,256
61 - 90 Days	494,946	541,684
91 - 120 Days	396,528	450,343
+ 120 Days	8,959,927	11,952,020
Total	20,035,627	25,963,207

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

4.2 Summary of Debtors by Customer Classification

	Household	Industrial/ Commercial	National and Provincial Government	Other	Total
	R	R	R	R	R
As at 30 JUNE 2011					
<u>Current:</u>					
0 - 30 days	20,639,977	10,839,678	5,698,006	7,193,286	44,370,947
<u>Past Due:</u>					
31 - 60 Days	5,278,694	711,895	3,198,183	-	9,188,772
61 - 90 Days	3,426,081	789,563	625,163	-	4,840,807
+ 90 Days	3,021,981	381,383	391,028	-	3,794,392
+ 120 Days	83,479,309	7,234,406	4,581,849	-	95,295,564
Sub-total	115,846,042	19,956,925	14,494,229	7,193,286	157,490,482
Less: Provision for Impairment	51,191,044	8,818,737	6,404,834	-	66,414,616
Total Debtors Classification	64,654,998	11,138,188	8,089,395	7,193,286	91,075,866

As at 30 JUNE 2010

<u>Current:</u>					
0 - 30 days	20,438,380	9,313,217	4,380,727	28,867,236	62,999,560
<u>Past Due:</u>					
31 - 60 Days	3,709,693	627,888	845,015	-	5,182,596
61 - 90 Days	2,781,749	405,575	547,905	-	3,735,229
+ 90 Days	2,654,611	311,204	464,242	-	3,430,057
+ 120 Days	77,007,415	6,184,676	2,559,012	-	85,751,103
Sub-total	106,591,848	16,842,560	8,796,901	28,867,236	161,098,545
Less: Provision for Impairment	55,928,632	8,676,420	-	11,526,519	78,329,665
Total Debtors Classification	50,663,216	8,166,140	8,796,901	17,340,717	84,966,975

2011	2010
R	R

4.3 Reconciliation of the Provision for Impairment

Balance at beginning of year	76,131,570	78,329,665
Impairment Losses - Consumer Debtors	(10,744,950)	(1,175,764)
Impairment Losses - Arrangements	1,027,996	(1,022,331)
Balance at end of year	66,414,616	76,131,570

In determining the recoverability of debtors, the municipality has placed strong emphasis on verifying the indigent status of consumers. Provision for impairment of Consumer Debtors has been made for all consumer balances outstanding based on the payment ratio over 12 months per service type. No further credit provision is required in excess of the Provision for Impairment.

In determining the recoverability of a Consumer Debtor, the municipality considers any change in the credit quality of the Consumer Debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.

5. TRADE RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Assessment Rates debtors	27,919,642	28,101,183
Payments made in Advance	72,610	304,332
Sundry Debtors	23,294,512	18,337,229
VAT	12,414,814	14,104,714
	63,701,578	60,847,458
Less: Provision for Impairment	(10,797,475)	(13,458,740)
Total Trade Receivables from Non-Exchange Transactions	52,904,103	47,388,718

VAT is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

Other Debtors have been restated to correctly classify amounts to be included in Other Debtors. Refer to Note 38 on "Correction of Error" for details of the restatement.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Gross Balances	Provision for Impairment	Net Balances
As at 30 JUNE 2011			
Service Debtors:	27,919,642	10,797,475	38,717,117
Assessment Rates	27,919,642	10,797,475	38,717,117
Total Assessment Rates Debtors	27,919,642	10,797,475.00	38,717,117

	Gross Balances	Provision for Impairment	Net Balances
As at 30 JUNE 2010			
Service Debtors:	28,101,183	13,458,742	14,642,441
Assessment Rates	28,101,183	13,458,742	14,642,441
Total Assessment Rates Debtors	28,101,183	13,458,742	14,642,441

5.1. Ageing of Consumer Debtors

	2011 R	2010 R
<i>Rates: Ageing</i>		
<u><i>Current:</i></u>		
0 - 30 days	3,010,944	3,428,397
<u><i>Past Due:</i></u>		
31 - 60 Days	1,517,891	1,598,457
61 - 90 Days	1,254,191	1,286,903
91 - 120 Days	1,164,316	523,975
+ 120 Days	18,414,384	21,264,342
Total	25,361,726	28,102,073

5.2. Reconciliation of the Provision for Impairment

Balance at beginning of year	13,458,741	13,854,521
Impairment Losses - Consumer Debtors	(2,661,266)	(395,780)
Balance at end of year	10,797,475	13,458,741

6. CASH AND CASH EQUIVALENTS

Bank, Cash and Cash Equivalents	13,639,219	17,678,632
Current Investment Deposits	97,077,604	60,503,453
Total Cash and Cash Equivalents	110,716,823	78,182,085

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts.

6.1 Current Investment Deposits

Notice Deposits	97,077,604	60,503,453
Total Current Investment Deposits	97,077,604	60,503,453
	97,077,604	60,503,453

Notice Deposits are investments with a maturity period of less than 12 months and earn interest rates varying from 5.50 % to 6.61 % per annum.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

The Municipality has the following bank accounts:

6.2 Bank Accounts

Primary Bank Account

Absa Bank Limited (Potchefstroom) & Nedbank Bank Limited (Pretoria) - Account number 680000093 & 1497222400

	2011 R	2010 R
Cash book balance at beginning of year	(3,332,268)	(12,825,267)
Cash book balance at end of year	<u>(7,826,992)</u>	<u>(3,332,268)</u>
Bank statement balance at beginning of year	33,044,022	13,823,889
Bank statement balance at end of year	<u>65,522,577</u>	<u>33,044,022</u>

The Cash book balance is indicating an overdraft however the Council do not have an overdraft facility; this overdraft is reconciled to the Bank Statement Balance.

Current Account (Housing Account)

Absa Bank Limited - Potchefstroom Branch - Account number 405584178

Cash book balance at beginning of year	9,697,216	8,901,455
Cash book balance at end of year	<u>10,053,641</u>	<u>9,697,216</u>
Bank statement balance at beginning of year	9,333,776	8,901,455
Bank statement balance at end of year	<u>11,907,181</u>	<u>9,333,776</u>

Current Account (Council Grant Funds)

Absa Bank Limited - Potchefstroom Branch - Account number 405583287

Cash book balance at beginning of year	10,826,959	9,248,035
Cash book balance at end of year	<u>11,384,892</u>	<u>10,826,959</u>
Bank statement balance at beginning of year	9,697,216	9,248,035
Bank statement balance at end of year	<u>10,053,641</u>	<u>9,697,216</u>

Current Account (Tlokwe Youth Centre)

Absa Bank Limited - Potchefstroom Branch - Account number 4073943415

Cash book balance at beginning of year	475,583	-
Cash book balance at end of year	<u>-</u>	<u>475,583</u>
Bank statement balance at beginning of year	475,583	-
Bank statement balance at end of year	<u>-</u>	<u>475,583</u>

6.3 Cash and Cash equivalents

Cash Floats and Advances	29,142	25,992
Other Cash Equivalents	(1,464)	(14,850)
Cash on hand in Cash Floats, Advances and Equivalents	<u>27,679</u>	<u>11,142</u>

The management of the municipality is of the opinion that the carrying value of Bank Balances, Cash and Cash Equivalents recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Bank Balances, Cash and Cash Equivalents was determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

7. PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2011

Reconciliation of Carrying Value

Description	Land and Buildings	Infra-structure	Community	Heritage	Other	Housing Development Fund	Leased Infra-structure	Total
	R	R	R	R	R	R	R	R
Carrying values at 01 JULY 2010	509,125,107	279,829,775	19,683,026	838,371	79,684,213	1,969,065	-	891,129,556
Cost	527,693,284	516,920,588	46,609,375	838,371	102,949,941	2,302,158	-	1,197,313,717
- Completed Assets	527,693,284	516,920,588	46,609,375	838,371	102,949,941	2,302,158	-	1,197,313,717
- Under Construction	-	-	-	-	-	-	-	-
Correction of error (Note 38)	-	-	-	-	-	-	-	-
Correction of opening balance Classification error (Note 38)	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-	-	-
Accumulated Depreciation:	(18,568,177)	(237,090,813)	(26,926,350)	-	(23,265,728)	(333,093)	-	(306,184,161)
- Cost	(18,568,177)	(237,090,813)	(26,926,350)	-	(23,265,728)	(333,093)	-	(306,184,161)
- Correction of error	-	-	-	-	-	-	-	-
Acquisitions	1,206,116	68,472,707	3,096,776	-	8,760,957	4,400	-	81,540,957
Revaluations	-	-	-	-	-	-	-	-
Capital under Construction - Additions	-	-	-	-	-	-	-	-
- Cost	-	-	-	-	-	-	-	-
- Borrowing Costs Capitalised	-	-	-	-	-	-	-	-
Increases in Revaluation	-	-	-	-	-	-	-	-
Reversals of Impairment Losses	-	-	-	-	-	-	-	-
Depreciation:	(1,910,628)	(12,395,345)	(2,022,899)	-	(16,940,151)	(150,531)	-	(33,419,554)
- Based on Cost	(1,910,628)	(12,395,345)	(2,022,899)	-	(16,940,151)	(150,531)	-	(33,419,554)
- Disposals	-	-	-	-	-	-	-	-
Carrying value of Disposals:	(2,710,000)	-	-	-	-	-	-	(2,710,000)
- Cost	-	-	-	-	-	-	-	-
- Revaluation	(2,710,000)	-	-	-	-	-	-	(2,710,000)
Accumulated Impairment Losses	-	-	-	-	-	-	-	-
Accumulated Depreciation	-	-	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-	-	-
- Based on Revaluation	-	-	-	-	-	-	-	-
Carrying value of Transfers to Held-for-Sale:	-	-	-	-	-	-	-	-
- Cost	-	-	-	-	-	-	-	-
- Revaluation	-	-	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-	-	-
Accumulated Depreciation	-	-	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-	-	-
- Based on Revaluation	-	-	-	-	-	-	-	-
Decreases in Revaluation	-	-	-	-	-	-	-	-
Impairment Losses	-	-	-	-	-	-	-	-
Capital under Construction - Completed	-	-	-	-	-	-	-	-
Other Movements	-	-	-	-	-	-	-	-
- Cost	-	-	-	-	-	-	-	-
- Transfer of Land	-	-	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-	-	-
Accumulated Depreciation	-	-	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-	-	-
- Based on Revaluation	-	-	-	-	-	-	-	-
Carrying values at 30 JUNE 2011	505,710,595	335,907,137	20,756,903	838,371	71,505,019	1,822,934	-	936,540,959
Cost	526,189,400	585,393,295	49,706,152	838,371	111,710,898	2,306,558	-	1,276,144,673
- Completed Assets	526,189,400	585,393,295	49,706,152	838,371	111,710,898	2,306,558	-	1,276,144,673
- Under Construction	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-	-	-
Accumulated Depreciation:	(20,478,805)	(249,486,158)	(28,949,249)	-	(40,205,879)	(483,624)	-	(339,603,714)
- Cost	(20,478,805)	(249,486,158)	(28,949,249)	-	(40,205,879)	(483,624)	-	(339,603,714)
- Revaluation	-	-	-	-	-	-	-	-

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

30 JUNE 2010

Reconciliation of Carrying Value

Description	Land and Buildings	Infra-structure	Community	Heritage	Other	Housing Development Fund	Leased Infra-structure	Total
	R	R	R	R	R	R	R	R
Carrying values at 01 JULY 2009	517,875,915	236,214,876	16,105,580	838,371	68,222,039	1,987,235	-	841,244,015
Cost	65,535,924	436,184,478	42,347,702	830,779	69,809,665	454,219	-	615,162,767
- Completed Assets	65,535,924	436,184,478	42,347,702	830,779	69,809,665	454,219	-	615,162,767
- Under Construction	-	-	-	-	-	-	-	-
Correction of error (Note 38)	9,581,171	84,060,564	6,579,535	32,946	28,978,303	1,847,941	-	131,080,460
Correction of opening balance Classification error (Note 38)	-	-	-	-	-	-	-	-
Revaluation	481,413,517	-	-	-	-	-	-	481,413,517
Accumulated Impairment Losses	-	-	-	-	-	-	-	-
Accumulated Depreciation:	(38,654,698)	(284,030,166)	(32,821,657)	(25,354)	(30,565,929)	(314,925)	-	(386,412,729)
- Cost	(38,654,698)	(284,030,166)	(32,821,657)	(25,354)	(30,565,929)	(314,925)	-	(386,412,729)
- Write-Off	-	-	-	-	-	-	-	-
Acquisitions	120,716	51,512,452	5,023,557	-	23,152,600	-	-	79,809,325
Revaluations	-	-	-	-	-	-	-	-
Capital under Construction - Additions	-	-	-	-	-	-	-	-
- Cost	-	-	-	-	-	-	-	-
- Borrowing Costs Capitalised	-	-	-	-	-	-	-	-
Increases in Revaluation	-	-	-	-	-	-	-	-
Reversals of Impairment Losses	-	-	-	-	-	-	-	-
Depreciation:	(1,625,518)	(12,010,331)	(952,139)	-	(9,034,081)	(47,115)	-	(23,669,184)
- Based on Cost	(1,452,824)	(7,800,312)	(1,446,112)	-	(10,981,659)	(18,169)	-	(21,699,076)
- Based on Revaluation	-	-	-	-	-	-	-	-
Carrying value of Disposals:	-	-	-	-	-	-	-	-
- Cost	-	(1,292,301)	-	-	(909,296)	-	-	(2,201,597)
- Revaluation	-	-	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-	-	-
- Accumulated Depreciation	-	1,195,060	-	-	200,529	-	-	1,395,589
- Based on Cost	-	1,195,060	-	-	200,529	-	-	1,395,589
- Based on Revaluation	-	-	-	-	-	-	-	-
Carrying value of transfer Assets Held For Sale	(9,097,000)	-	-	-	-	-	-	(9,097,000)
- Cost	-	-	-	-	-	-	-	-
- Revaluation	(9,097,000)	-	-	-	-	-	-	(9,097,000)
- Accumulated Impairment Losses	-	-	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-	-	-
- Based on Revaluation	-	-	-	-	-	-	-	-
Decreases in Revaluation	-	-	-	-	-	-	-	-
Impairment Losses	-	-	-	-	-	-	-	-
Capital under Construction - Completed	-	-	-	-	-	-	-	-
Other Movements	481,413,517	-	-	-	-	-	-	1,678,300
- Cost	1,678,300	-	-	-	-	-	-	1,678,300
- Revaluation	-	-	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-	-	-
- Based on Revaluation	-	-	-	-	-	-	-	-
Carrying values at 30 JUNE 2010	509,125,106	279,829,775	19,683,025	838,371	79,684,213	1,969,066	-	891,129,556
Cost	35,020,295	432,860,024	40,029,840	805,425	73,971,638	454,218	-	583,141,440
- Completed Assets	35,020,295	432,860,024	40,029,840	805,425	73,971,638	454,218	-	583,141,440
- Under Construction	-	-	-	-	-	-	-	-
Revaluation	483,091,817	-	-	-	-	-	-	483,091,817
Accumulated Impairment Losses	9,581,171.26	84,060,564.44	6,579,534.88	32,945.88	28,978,302.83	1,847,940.63	-	131,080,460
Accumulated Depreciation:	(18,568,177)	(237,090,813)	(26,926,350)	-	(23,265,728)	(333,093)	-	(306,184,161)
- Cost	(18,568,177)	(237,090,813)	(26,926,350)	-	(23,265,728)	(333,093)	-	(306,184,161)
- Revaluation	-	-	-	-	-	-	-	-

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

	2011	2010
	R	R
7.1 Carrying Amount of Property, Plant and Equipment that is fully depreciated and still in use		
Land and Buildings	505,710,595	509,125,107
Infrastructure	335,907,137	279,829,775
Community	20,756,903	19,683,026
Heritage	838,371	838,371
Other	71,505,019	79,684,213
Housing Development Fund	1,822,934	1,969,065
Leased Assets	-	-
Carrying Value of PPE fully depreciated and still in use	<u>936,540,959</u>	<u>891,129,556</u>

7.2 Assets pledged as security

No assets have been pledged as security.

7.3 Impairment of Property, Plant and Equipment:

Impairment of Property, Plant and Equipment was taken into consideration by the consultants, Ducharme Consulting (Pty) Ltd, during the process of identifying Property, Plant and Equipment and included in the Depreciated Replacement Cost calculated during the exercise. The amounts for Impairment were not calculated separately and therefore no impaired values are disclosed.

7.4 Change in Estimate - Useful Life of Property, Plant and Equipment reviewed

The Remaining Useful Life of property, plant and equipment was taken into consideration by the consultants, Ducharme Consulting (Pty) Ltd, during the process of identifying property, plant and equipment and included in the Depreciated Replacement Cost calculated during the exercise. The amounts for Change in Useful Life were not calculated separately and therefore no changes in values are disclosed.

7.5 Land and Buildings carried at Fair Value

Land and Buildings were revalued to fair value by using the municipal valuation roll. The effective date of revaluation was 01 July 2009. The valuation was done by municipal valuer, registered and independent valuers. The NHBR indices, which indicate current building costs, were used to determine replacement values.

The revaluation surplus was credited to the Revaluation Reserve in Net Assets.

8. INTANGIBLE ASSETS

At Cost less Accumulated Amortisation and Accumulated Impairment Losses	<u>126,472</u>	<u>188,589</u>
---	-----------------------	-----------------------

The movement in Intangible Assets is reconciled as follows:

	Computer Software	Valuation Roll	Service & Operating rights	Total
Carrying values at 01 JULY 2010	-	-	188,589	188,589
Cost	2,207,240	-	1,605,165	3,812,405
Accumulated Revaluation	(2,207,240)	-	(1,416,576)	(3,623,816)
Accumulated Amortisation	-	-	-	-
Accumulated Impairment Losses	-	-	-	-
Acquisitions during the Year:	-	-	-	-
Purchased	-	-	-	-
Internally Developed	-	-	-	-
Work-in-Progress at Year-end	-	-	-	-
Increases in Revaluations during the Year	-	-	-	-
Amortisation during the Year:	-	-	(62,117)	(62,117)
Purchased	-	-	(62,117)	(62,117)
Internally Developed	-	-	-	-

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Impairment Losses during the Year	-	-	-	-
Disposals during the Year:	-	-	-	-
At Cost	-	-	-	-
At Accumulated Revaluation	-	-	-	-
At Accumulated Amortisation	-	-	-	-
At Accumulated Impairment	-	-	-	-
Decreases in Revaluations during the Year	-	-	-	-
Reversal of Impairment Losses during the Year	-	-	-	-
Transfers during the Year:	-	-	-	-
At Cost	-	-	-	-
At Accumulated Revaluation	-	-	-	-
At Accumulated Amortisation	-	-	-	-
At Accumulated Impairment	-	-	-	-
Carrying values at 30 JUNE 2011	-	-	126,472	126,472
Cost	2,207,240	-	1,605,165	3,812,405
Accumulated Revaluation	(2,207,240)	-	(1,416,576)	(3,623,816)
Accumulated Amortisation	-	-	(62,117)	(62,117)
Accumulated Impairment Losses	-	-	-	-

	Computer Software	Valuation Roll	Service & Operating rights	Total
Carrying values at 01 JULY 2009	-	-	-	-
Cost	-	-	-	-
Accumulated Revaluation	-	-	-	-
Accumulated Amortisation	-	-	-	-
Accumulated Impairment Losses	-	-	-	-
Acquisitions during the Year:	-	-	-	-
Purchased	-	-	-	-
Transfer from Property, Plant & Equipment	-	-	-	-
Work-in-Progress at Year-end	-	-	-	-
Increases in Revaluations during the Year	-	-	-	-
Amortisation during the Year:	-	-	-	-
Purchased	-	-	-	-
Transfer from Property, Plant & Equipment	-	-	-	-
Impairment Losses during the Year	-	-	-	-
Disposals during the Year:	-	-	-	-
At Cost	-	-	-	-
At Accumulated Revaluation	-	-	-	-
At Accumulated Amortisation	-	-	-	-
At Accumulated Impairment	-	-	-	-
Decreases in Revaluations during the Year	-	-	-	-
Reversal of Impairment Losses during the Year	-	-	-	-
Transfers during the Year:	-	-	188,589	188,589
At Cost	2,207,240	-	1,605,165	3,812,405
At Accumulated Revaluation	(2,207,240)	-	(1,416,576)	(3,623,816)
At Accumulated Amortisation	-	-	-	-
At Accumulated Impairment	-	-	-	-
Carrying values at 30 JUNE 2010	-	-	188,589	188,589
Cost	2,207,240	-	1,605,165	3,812,405
Accumulated Revaluation	(2,207,240)	-	(1,416,576)	(3,623,816)
Accumulated Amortisation	-	-	-	-
Accumulated Impairment Losses	-	-	-	-

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance.

All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

No restrictions apply to any of the Intangible Assets of the municipality.

Refer to Appendix "B" for more detail on Intangible Assets.

9. INVESTMENT PROPERTY

	2011 R	2010 R
At Fair Value		
At Cost less Accumulated Depreciation	<u>24,420,000</u>	<u>24,420,000</u>
The movement in Investment Property is reconciled as follows:		
Carrying values beginning of the year	24,420,000	24,420,000
Cost	-	-
Fair Value	24,420,000	24,420,000
Accumulated Depreciation	-	-
Accumulated Impairment Losses	-	-
Capitalised	-	-
Revaluation	-	-
Correction of error	-	-
Impairment Losses during the Year	-	-
Disposals during the Year:	-	-
At Cost	-	-
At Accumulated Depreciation	-	-
At Accumulated Impairment	-	-
Reversal of Impairment Losses during the Year	-	-
Transfers during the Year:	-	-
At Cost	-	-
At Accumulated Depreciation	-	-
At Accumulated Impairment	-	-
Carrying values at year end	24,420,000	24,420,000
Cost	-	-
Fair Value	24,420,000	24,420,000
Accumulated Depreciation	-	-
Accumulated Impairment	-	-
Estimated Fair Value of Investment Property at 30 June	<u>24,420,000</u>	<u>24,420,000</u>

There are no contractual obligations on Investment Property.

Refer to Appendix "B" for more detail on Investment Property.

10. NON-CURRENT INVESTMENTS

Financial Instruments		
Long-term Investments	-	31,163,860
Total Investments		
All Investments	-	31,163,860
	<u>-</u>	<u>31,163,860</u>

Fixed Deposits are investments with a maturity period of more than 12 months.

The management of the municipality is of the opinion that the carrying value of Investments recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Investments was determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

The Long-term investments consist of the following:

Securities SA (Ltd)	-	31,163,860
	<u>-</u>	<u>31,163,860</u>

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

11. LONG-TERM RECEIVABLES

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 JUNE 2011			
Debtors Capitalised Arrear Services	-	-	-
Sale of Erven	45,268	-	45,268
	<u>45,268</u>	<u>-</u>	<u>45,268</u>
Less: Current Portion transferred to Current Receivables:-			-
Short-term portion of long-term receivables			<u>-</u>
Total Long-term Receivables			<u>45,268</u>
	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 JUNE 2010			
Debtors Capitalised Arrear Services	3,962,636	-	3,962,636
Sale of Erven	60,388	-	60,388
	<u>4,023,024</u>	<u>-</u>	<u>4,023,024</u>
Less: Current Portion transferred to Current Receivables:-			232,480
Car Loans			<u>232,480</u>
Total Long-term Receivables			<u>3,790,544</u>

DEBTORS CAPITALISED ARREAR SERVICES

Arrear amounts on services are capitalised on completion of a formal agreement or upon being handed over to attorneys for collection. These arrear amounts are then paid to the municipality in monthly instalments over a period not exceeding 60 months. No interest is charged on these amounts where the stipulations of the agreement are adhered to.

SALE OF ERVEN

As from 01 January 2006 no loan agreements are entered into for the sale of erven. The outstanding loans will be recovered over the remaining period of the individual loan agreements entered into.

12. CONSUMER DEPOSITS

	2011 R	2010 R
Electricity and Water	10,757,649	9,902,512
Total Consumer Deposits	<u>10,757,649</u>	<u>9,902,512</u>

Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account.

No interest is paid on Consumer Deposits held.

The management of the municipality is of the opinion that the carrying value of Consumer Deposits approximate their fair values.

The fair value of Consumer Deposits was determined after considering the standard terms and conditions of agreements entered into between the municipality and its consumers.

13. PROVISIONS

Current Portion of Post-retirement Medical Aid Benefits Liability (See Note below)	5,014,896	4,334,052
Current Portion of Long-term service awards (See Note below):	2,631,240	1,116,784
Performance Bonuses	743,484	696,266
Total Provisions	<u>8,389,620</u>	<u>6,147,102</u>

Long-Term Service

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-term Service Award is payable for every 5 years completed from 10 years of service completed to 45 years of service completed, inclusive.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Post-Retirement Medical Aid Benefits

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The movement in current provisions are reconciled as follows:

Current Portion of Non-Current Provisions:

	Performance Bonuses R
30 JUNE 2011	
Balance at beginning of year	696,266
Contributions to provision	47,217
Balance at end of year	<u>743,484</u>
30 JUNE 2010	
Balance at beginning of year	343,616
Contributions to provision	352,651
Balance at end of year	<u>696,266</u>

Current Portion of Non-Current Provisions:

	Long-term Service R	Post-retirement Benefit liability R
30 JUNE 2011		
Balance at beginning of year	1,116,784	4,334,052
Transfer from non-current	(1,116,784)	(4,334,052)
Contributions to provision	2,631,240	5,014,896
Balance at end of year	<u>2,631,240</u>	<u>5,014,896</u>
30 JUNE 2010		
Balance at beginning of year	670,228	3,995,352
Transfer from non-current	(670,228)	(3,995,352)
Contributions to provision	1,116,784	4,334,052
Balance at end of year	<u>1,116,784</u>	<u>4,334,052</u>

14. CREDITORS

	2011 R	2010 R
Accrued leave	12,035,145	10,345,141
Other Creditors	-	1,068,291
Payments received in Advance	4,049,962	6,492,168
Payments received in Advance - Electricity Connections	21,901	-
Payments received in Advance - Halls	54,216	41,133
Payments received in Advance - Prepaid electricity	4,706,750	2,899,890
Provision - Compensation insurance	689,761	761,488
Provision - SALGA Wage Curve increase	2,613,780	2,613,780
Provision - SARS Interest	-	-
Retentions	8,171,475	8,433,936
Sundry Deposits	-	490,696
Suspense - Other	9,347,952	11,377,182
Trade Creditors	4,486,165	26,991,650
VAT	-	371,482
Total Creditors	<u>46,177,107</u>	<u>71,886,836</u>

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

The average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe.

The management of the municipality is of the opinion that the carrying value of Creditors approximate their fair values.

The fair value of Creditors was determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

Staff Leave accrue to the staff of the municipality on an annual basis, subject to certain conditions. The accrual is an estimate of the amount due at the reporting date.

	2011 R	2010 R
15. UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
15.1 Conditional Grants from Government	10,568,072	11,269,608
National Government Grants	5,180,786	3,364,244
Provincial Government Grants	4,040,122	6,529,820
Local Government Grants	90,207	118,587
Other Spheres of Government	1,256,957	1,256,957
15.2 Other Conditional Receipts	1,301,670	1,623,649
Lotto: Sport Facilities	1,301,670	1,623,649
Total Conditional Grants and Receipts	11,869,742	12,893,257

Refer to Appendix "F" for more detail on Conditional Grants.

16. SHORT-TERM LOANS

Tlokwe Youth Centre	-	475,583
Total Short-term Loans	-	475,583

The short-term loan consists out of money received o.b.o. Tlokwe Youth Centre.

17. LONG-TERM LIABILITIES

Annuity Loans	21,889,953	22,687,462
Sub-total	21,889,953	22,687,462
Less: Current Portion transferred to Current Liabilities:-	882,367	767,944
Annuity Loans	882,367	767,944
Total Long-term Liabilities (Neither past due, nor impaired)	21,007,586	21,919,518

17.1 Summary of Arrangements

Annuity Loans are repaid over a period of 20 years and at interest rates varying from 14.79% to 14.98% (2010: 15.25% to 15.45%) per annum.

The management of the municipality is of the opinion that the carrying value of Long-term Liabilities recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Refer to Appendix "A" for more detail on Long-term Liabilities.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
18. RETIREMENT BENEFIT LIABILITIES		
18.1 Post-retirement Health Care Benefits Liability		
Balance at beginning of Year	87,839,522	71,867,489
Contributions to Provision	18,271,330	15,972,033
Balance at end of Year	<u>106,110,852</u>	<u>87,839,522</u>
Transfer to Current Provisions	(5,014,896)	(4,334,052)
Total Post-retirement Health Care Benefits Liability	<u>101,095,956</u>	<u>83,505,470</u>

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2011 by Arch Actuaries, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The members of the Post-Retirement Health Care Benefit Plan are made up as follows:

	2011	2010
In-service Members (Employees)	598	607
In-service Members (Employees) - Non-members	457	100
Continuation Members (Retirees, widowers and orphans)	171	163
Total Members	<u>1,226</u>	<u>870</u>

The liability in respect of past service has been estimated as follows:

In-service Members	38,928,859	31,906,183
Continuation Members	67,181,993	55,933,339
Total Liability	<u>106,110,852</u>	<u>87,839,522</u>

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Hosmed
- Bonitas
- Keyhealth
- LA Health
- Samwumed

The Current-service Cost for the year ending 30 June 2011 is estimated to be R2 541 372, whereas the cost for the ensuing year is estimated to be R3 201 616.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount Rate	8.50%	9.15%
Health Care Cost Inflation Rate	7.27%	7.22%
Net Effective Discount Rate	1.15%	1.8%
Expected Rate of Salary Increase	6.24%	8.48%
Expected Retirement Age - Females	58	58
Expected Retirement Age - Males	63	63

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R			
Movements in the present value of the Defined Benefit Obligation were as follows:					
Balance at the beginning of the year	87,839,522	75,862,841			
Current service costs	2,541,372	1,683,538			
Interest cost	7,843,593	6,803,805			
Benefits paid	(4,334,052)	(3,995,352)			
Actuarial losses / (gains)	12,220,417	7,484,690			
Present Value of Fund Obligation at the end of the Year	106,110,852	87,839,522			
Actuarial losses / (gains) unrecognised	-	-			
Total Recognised Benefit Liability	106,110,852	87,839,522			
The amounts recognised in the Statement of Financial Performance are as follows:					
Current service cost	2,541,372	1,683,538			
Interest cost	7,843,593	6,803,805			
Actuarial losses / (gains)	12,220,417	7,484,690			
Total Post-retirement Benefit included in Employee Related Costs (Note 29)	22,605,382	15,972,033			
The history of experienced adjustments is as follows:					
	2011 R	2010 R	2009 R	2008 R	2007 R
Present Value of Defined Benefit Obligation	106,110,852	87,839,522	75,862,841	76,460,968	70,255,793
Deficit	106,110,852	87,839,522	75,862,841	76,460,968	70,255,793
	2011 R	2010 R			
The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:					
Increase:					
Effect on the aggregate of the current service cost and the interest cost	1,389,500	1,305,200			
Effect on the defined benefit obligation	15,566,000	10,946,000			
Decrease:					
Effect on the aggregate of the current service cost and the interest cost	(1,231,000)	(1,063,900)			
Effect on the defined benefit obligation	(12,837,000)	(9,552,000)			

The municipality expects to make a contribution of R5,014 million (2010: R4,334 million) to the Defined Benefit Plans during the next financial year.

19. NON-CURRENT PROVISIONS

Provision for Long-term Service Awards	8,081,680	8,338,530
Provision for Rehabilitation of Landfill Sites	8,004,062	7,480,160
Total Non-current Provisions	16,085,742	15,818,690
The movement in Non-current Provisions are reconciled as follows:		
	Long-term Service Awards R	Landfill Sites R
30 June 2011		
Balance at beginning of year	9,455,314	7,480,160
Contributions to provision	1,257,606	523,902
	10,712,920	8,004,062
Transfer to current provisions	(2,631,240)	-
Balance at end of year	8,081,680	8,004,062

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

30 June 2010	2011 R	2010 R
Balance at beginning of year	8,497,370	6,990,550
Contributions to provision	957,944	489,610
	<u>9,455,314</u>	<u>7,480,160</u>
Transfer to current provisions	(1,116,784)	-
Balance at end of year	<u>8,338,530</u>	<u>7,480,160</u>

19.1 Long-term Service Awards

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-term Service Award is payable after 10 years of continuous service and every 5 years thereafter to employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2011 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end, 968 (2010: 958) employees were eligible for Long-Term Services Awards.

The Current-service Cost for the year ending 30 June 2011 is estimated to be R1 0942 028, whereas the cost for the ensuing year is estimated to be R1 088 717.

	2011 R	2010 R
The principal assumptions used for the purposes of the actuarial valuations were as follows:		
Discount Rate	7.63%	8.94%
Net Effective Discount Rate	1.32%	2.45%
Expected Rate of Salary Increase	6.24%	6.34%
Expected Retirement Age - Females	58	58
Expected Retirement Age - Males	63	63

Movements in the present value of the Defined Benefit Obligation were as follows:

Balance at the beginning of the year	9,455,314	8,497,370
Current service costs	1,092,028	914,355
Interest cost	796,486	738,315
Benefits paid	(1,116,784)	(670,228)
Actuarial losses / (gains)	485,876	(24,498)

Present Value of Fund Obligation at the end of the Year	<u>10,712,920</u>	<u>9,455,314</u>
--	--------------------------	-------------------------

Actuarial losses / (gains) unrecognised	-	-
---	---	---

Total Recognised Benefit Liability	<u>10,712,920</u>	<u>9,455,314</u>
---	--------------------------	-------------------------

The amounts recognised in the Statement of Financial Performance are as follows:

Current service cost	1,092,028	914,355
Interest cost	796,486	738,315
Actuarial losses / (gains)	485,876	(24,498)

Total Post-retirement Benefit included in Employee Related Costs (Note 29)	<u>2,374,390</u>	<u>1,628,172</u>
---	-------------------------	-------------------------

The history of experienced adjustments is as follows:

	2011 R	2010 R	2009 R	2008 R	2007 R
Present Value of Defined Benefit Obligation	10,712,920	9,455,314	8,497,370	7,799,482	6,746,738
Deficit	<u>10,712,920</u>	<u>9,455,314</u>	<u>8,497,370</u>	<u>7,799,482</u>	<u>6,746,738</u>

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
The effect of a 1% movement in the assumed rate of long service cost inflation is as follows:		
Increase:		
Effect on the aggregate of the current service cost and the interest cost	94,452	95,721
Effect on the defined benefit obligation	577,000	490,000
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	(85,784)	(86,711)
Effect on the defined benefit obligation	(527,000)	(449,000)

19.2 Rehabilitation of Landfill Sites

In terms of the licencing of the landfill refuse sites, the municipality will incur licencing and rehabilitation costs of R8 004 062 (2010: R 7 480 160) to restore the site at the end of its useful life, estimated to be in 2033. Provision has been made for the net present value of this cost, using the the average cost of borrowing interest rate.

20. STATUTORY FUNDS

Housing Development Fund:	12,482,043	12,091,822
Total Statutory Funds	12,482,043	12,091,822

20.1 Housing Development Fund

The Housing Development Fund has its origin from Loans extinguished by Government on 1 April 1998 and the net of housing transactions appropriated to the fund thereafter. No separate Unappropriated Surplus Account for housing transactions was kept.

The Housing Development Fund contains all proceeds from housing developments, which include rental income and sale of houses. Monies standing to the credit of the Housing Development Fund are used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

Reconciliation of the Housing Development Fund:

Balance at beginning of year	12,091,823	11,897,965
Revenue:	554,923	433,020
Land Sales	131,860	-
Interest on Housing Account	370,576	433,020
Housing Rental Debtors	52,487	-
Less: Expenditure:	164,703	239,162
Funding of Operational Projects	164,703	239,162
Balance at end of year	12,482,043	12,091,823

21. RESERVES

Revaluation Reserve	478,703,517	481,413,517
Total Reserves	478,703,517	481,413,517

The Revaluation Reserve arises on the revaluation of Land and Buildings. Where revalued Land or Buildings are sold, the portion of the Revaluation Reserve that relates to that asset, and is effectively realised, is transferred directly to Accumulated Surplus.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Distributions from the Revaluation Reserve can be made where they are in accordance with the requirements of the municipality's accounting policy and relevant case law. The payment of cash distributions out of the reserve is restricted by the terms of the municipality's accounting policy. These restrictions do not apply to any amounts transferred to Accumulated Surplus. The Council do not currently intend to make any distribution from the Revaluation Reserve.

	2011 R	2010 R
The following restrictions are placed on the distribution of the balance of the reserve:		
Reconciliation of the Revaluation Reserve:		
Balance at beginning of year	481,413,517	481,413,517
Revaluation	-	-
Depreciation transferred to surplus	-	-
Transfer due to disposal of revalued assets	(2,710,000)	-
Balance at end of year	478,703,517	481,413,517

Refer to Statement of Changes in Net Assets for more detail and the movement on Reserves.

22. ACCUMULATED SURPLUS

The Accumulated Surplus consists of the following Internal Funds and Reserves:

Capital Replacement Reserve (CRR)	63,377,148	63,377,148
Accumulated Surplus / (Deficit) due to the results of Operations	1,236,850,379	1,195,155,335
Total Accumulated Surplus	1,300,227,527	1,258,532,483

The **Capital Replacement Reserve** is a reserve to finance future capital expenditure and is fully invested in ring-fenced Financial Instrument Investments.

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

23. PROPERTY RATES

	Property Valuations		Actual Levies	
	July 2011	July 2010	2011 R	2010 R
Residential	12,642,413,800	12,539,154,700	42,180,649	40,480,026
Commercial	2,160,537,000	2,178,513,000	22,935,115	21,027,368
Agricultural	2,783,943,000	2,800,962,000	2,429,033	2,338,783
State	795,104,000	796,324,000	8,488,375	8,044,276
Municipal	8,154,000	4,176,000	36,671	14,125
Exempted Properties	1,265,434,960	1,234,298,900	-	-
Other	2,141,488,500	2,095,667,450	11,358,717	11,219,500
Rebates	-	-	(7,067,901)	(9,347,473)
Total Valuation and Assessment Rates	21,797,075,260	21,649,096,050	80,360,659	73,776,606
Attributable to:				
Continuing Operations			80,360,659	73,776,606
Discontinued Operations			-	-
			80,360,659	73,776,606

Assessment Rates are levied on the value of land and improvements, which valuation is performed every five years. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions. The last valuation came into effect 1 July 2009.

Rates are levied monthly on property owners and are payable before the 10th of each month. Interest is levied at a rate determined by council on outstanding rates amounts.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

24. INTEREST EARNED

	2011	2010
	R	R
External Investments:		
Bank Account	2,537,820	1,948,770
Investments	5,617,915	6,984,736
Other Interest	-	26
Interest earned on Housing Development Fund	370,576	433,019
	<u>8,526,311</u>	<u>9,366,552</u>
Outstanding Debtors:		
Outstanding Billing Debtors	15,542,059	16,214,287
	<u>15,542,059</u>	<u>16,214,287</u>
Total Interest Earned	<u>24,068,370</u>	<u>25,580,839</u>

Interest Earned on Financial Assets, analysed by category of asset, is as follows:

Available-for-Sale Financial Assets	8,526,311	9,366,552
Loans and Receivables	15,542,059	16,214,287
	<u>24,068,370</u>	<u>25,580,839</u>
Interest Earned on Non-financial Assets	<u>-</u>	<u>-</u>
	<u>24,068,370</u>	<u>25,580,839</u>

25. SERVICE CHARGES

Sale of Electricity	356,848,444	324,735,407
Sale of Water	61,132,691	64,102,223
Refuse Removal	20,888,883	17,180,063
Sewerage and Sanitation Charges	37,242,018	34,461,415
Total Service Charges	<u>476,112,036</u>	<u>440,479,109</u>
Attributable to:		
Continuing Operations	476,112,036	440,479,109
Discontinued Operations	<u>-</u>	<u>-</u>
	<u>476,112,036</u>	<u>440,479,109</u>

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

26. RENTAL OF FACILITIES AND EQUIPMENT

Rental Revenue from Amenities	2,741,134	2,215,661
Rental Revenue from Halls	156,885	105,418
Rental Revenue from Land	580,821	435,024
Rental Revenue from Other Facilities	1,341,394	1,382,816
Total Rental of Facilities and Equipment	<u>4,820,234</u>	<u>4,138,919</u>
Attributable to:		
Continuing Operations	4,820,234	3,925,464
Discontinued Operations	<u>-</u>	<u>-</u>
	<u>4,820,234</u>	<u>3,925,464</u>

Rental revenue earned on Facilities and Equipment is in respect of Non-financial Assets rented out.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

27. GOVERNMENT GRANTS AND SUBSIDIES	2011 R	2010 R
National Equitable share	69,095,256	54,012,271
National FMS Grant	1,750,000	750,000
Operational Grants	70,845,256	54,762,271
Conditional Grants	34,241,243	44,038,566
National: MIG	22,498,806	35,475,288
National: NER	5,366,000	2,095,492
National: Fire & Emergency Grant	-	299,147
National: SETA Grant	1,100,592	371,039
Provincial: Library Grant	1,845,833	3,376,586
Provincial: Promoting Culture Grant	16,083	41,021
Provincial: City Branding Grant	-	156,431
Provincial: LED Township History Grant	147,427	238,740
Provincial: Economic Growth & Development Grant	41,650	9,120
Provincial: Promoting Culture Grant	-	31,210
Other Spheres of Government: Various Grants	3,224,851	1,944,492
Transferred from Deferred Revenue (offset depreciation on assets funded from Grants)	-	-
Total Government Grants and Subsidies	105,086,499	98,800,837
Attributable to:		
Continuing Operations	105,086,499	98,800,837
Discontinued Operations	-	-
	105,086,499	98,800,837
Operational Grants:		
27.1.1. National: Equitable Share	69,095,256	54,012,271
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy up to R173.75, based on the monthly billing, towards the consumer account, which subsidy is determined annually by council. All residential households receive 6 kl water and indigents also receive 80 kWh electricity free every month. An additional 50% rebate is granted to indigents on property tax.		
27.1.2. National: FMS Grant	1,750,000	750,000
To promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Financial Management Act (MFMA).		
Conditional Grants:		
27.2 Provincial: Health Subsidies		
Balance unspent at beginning of year	1,314,833	1,314,833
Current year receipts - included in Public Health vote	-	-
- Environmental Health	-	-
- Primary Health	-	-
Conditions met - transferred to Revenue	-	-
Conditions still to be met - transferred to Liabilities (see Note 15)	1,314,833	1,314,833
27.3 National: MIG Grants		
Balance unspent at beginning of year	1,759,703	8,211,797
Current year receipts	25,448,400	32,893,744
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	(22,498,809)	(39,345,838)
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 15)	4,709,294	1,759,703

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

27.4 National: NER Grants

	2011	2010
	R	R
Balance unspent at beginning of year	-	1,095,492
Current year receipts	5,366,000	1,000,000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	(5,366,000)	(2,095,492)
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 15)	<u>-</u>	<u>-</u>

27.5 Land Use Management Grant

Balance unspent at beginning of year	203,806	-
Current year receipts	-	203,806
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 15)	<u>203,806</u>	<u>203,806</u>

27.6 LED Constitutional Grant

Balance unspent at beginning of year	148,765	148,765
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 15)	<u>148,765</u>	<u>148,765</u>

27.7 LED Projects Promoting Culture

Balance unspent at beginning of year	1,552	27,658
Current year receipts	50,000	5,103
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(16,083)	(31,210)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 15)	<u>35,469</u>	<u>1,552</u>

27.8 LED Projects Tourism Initiative

Balance unspent at beginning of year	314,902	284,953
Current year receipts	-	29,949
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(30,000)	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 15)	<u>284,902</u>	<u>314,902</u>

27.9 Lotto: Sports Facilities

Balance unspent at beginning of year	965,702	1,535,942
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	(570,239)
Conditions met - transferred to Revenue: Capital Expenses	(156,708)	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 15)	<u>808,994</u>	<u>965,702</u>

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	R	R
27.10 Lotto: Lake Resort		
Balance unspent at beginning of year	25,676	-
Current year receipts	-	120,975
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	(95,299)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 15)	<u>25,676</u>	<u>25,676</u>
27.11 Lotto: Mohadin Stadium		
Balance unspent at beginning of year	165,271	244,849
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	(79,578)
Conditions met - transferred to Revenue: Capital Expenses	(165,271)	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 15)	<u>-</u>	<u>165,271</u>
27.12 Lotto: Sarafina Sports Facilities		
Balance unspent at beginning of year	467,000	-
Current year receipts	-	467,000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 15)	<u>467,000</u>	<u>467,000</u>
27.13 Southern District Project (Dr Kenneth Kaunda District Project)		
Balance unspent at beginning of year	118,587	1,082,996
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(28,380)	(964,409)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 15)	<u>90,207</u>	<u>118,587</u>
27.14 Public Transport Infrastructure		
Balance unspent at beginning of year	446,527	447,127
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(7,565)	(600)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 15)	<u>438,962</u>	<u>446,527</u>
27.15 Provincial: Library Grant		
Balance unspent at beginning of year	2,345,833	5,322,419
Current year receipts	-	400,000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	(2,844,492)	(3,376,586)
Other Transfers	654,410	-
Conditions still to be met - transferred to Liabilities (see Note 15)	<u>155,752</u>	<u>2,345,833</u>

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	R	R
27.16 Fire and Emergency Grant		
Balance unspent at beginning of year	1,311,653	1,610,800
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	(299,147)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 15)	<u>1,311,653</u>	<u>1,311,653</u>
27.17 LED Grants Township History/Jazz		
Balance unspent at beginning of year	147,427	364,861
Current year receipts	-	21,306
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(147,427)	(238,740)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 15)	<u>-</u>	<u>147,427</u>
27.18 S D R Dolomite Research Program		
Balance unspent at beginning of year	1,256,958	960,849
Current year receipts	-	296,109
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 15)	<u>1,256,958</u>	<u>1,256,958</u>
27.19 Provincial - SETA Grant		
Balance unspent at beginning of year	936,406	673,734
Current year receipts	164,226	633,711
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(1,100,632)	(371,039)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 15)	<u>-</u>	<u>936,406</u>
27.20 City Branding Grant		
Balance unspent at beginning of year	-	156,431
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	(156,431)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 15)	<u>-</u>	<u>-</u>
27.21 Economic Growth and Development Strategy Grant		
Balance unspent at beginning of year	74,180	83,300
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(41,650)	(9,120)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 15)	<u>32,530</u>	<u>74,180</u>

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
27.22 Mohadin Library Extension Grant		
Balance unspent at beginning of year	390,288	390,288
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 15)	<u>390,288</u>	<u>390,288</u>

27.23 Extension Main Library

Balance unspent at beginning of year	398,187	398,187
Current year receipts	350,877	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	(654,410)	-
Conditions still to be met - transferred to Liabilities (see Note 15)	<u>94,655</u>	<u>398,187</u>

27.24 LED - City Branding

Balance unspent at beginning of year	100,000	100,000
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 15)	<u>100,000</u>	<u>100,000</u>

27.25 Changes in levels of government Grants

Based on the allocation set out in the Division of Revenue Act of 2010, government grant funding is expected to increase over the following three financial years.

28. OTHER INCOME

Building Plan Fees	858,290	667,201
Grave Fees	662,514	776,121
Sundries Levies	1,800,292	1,761,283
Training Fees - Training Centre of Fire Services	579,202	475,184
Other non-material Income	9,280,563	8,906,764
Reconnection Fees	904,697	928,684
Total Other Income	<u>14,085,558</u>	<u>13,515,237</u>
Attributable to:		
Continuing Operations	14,085,558	13,515,237
Discontinued Operations	-	-
	<u>14,085,558</u>	<u>13,515,237</u>

The amounts disclosed above for Other Income are in respect of services, other than described in Notes 23 to 26, rendered which are billed to or paid for by the users as the services are required according to approved tariffs. Inter-departmental Recoveries are received from other trading and economic services.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

29. EMPLOYEE RELATED COSTS

	2011	2010
	R	R
Employee Related Costs - Salaries and Wages	139,685,181	124,769,230
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	45,496,057	41,679,454
Travel Allowances	7,616,016	7,149,776
Phone Allowances	225,373	-
Housing Benefits and Allowances	2,594,346	2,601,769
Overtime Payments	11,445,283	9,503,430
Performance Bonuses	9,235,539	8,816,020
Total Employee Related Costs	216,297,795	194,519,679
Attributable to:		
Continuing Operations	216,297,795	194,519,679
Discontinued Operations	-	-
	216,297,795	194,519,679

No advances were made to employees.

Remuneration of the Municipal Manager

Annual Remuneration	431,352	679,270
Performance Bonus	-	33,978
Housing Allowance	408,840	59,366
Telephone Allowance	22,500	-
Car Allowance	127,619	117,466
Company Contributions to UIF, Medical and Pension Funds	132,098	15,345
Total	1,122,409	905,425

Remuneration of the Deputy Municipal Manager

Annual Remuneration	349,837	477,049
Performance Bonus	-	73,977
Housing Allowance	245,905	233,369
Telephone Allowance	18,000	-
Car Allowance	180,724	173,095
Company Contributions to UIF, Medical and Pension Funds	99,873	24,266
Total	894,339	981,756

Remuneration of the Chief Financial Officer

Annual Remuneration	414,296	415,212
Performance Bonus	83,509	65,221
Housing Allowance	29,895	33,116
Telephone Allowance	12,000	-
Car Allowance	251,603	261,191
Company Contributions to UIF, Medical and Pension Funds	117,263	22,139
Total	908,565	796,879

Remuneration of the Manager: Economic Development

Annual Remuneration	414,296	415,212
Performance Bonus	78,404	51,405
Housing Allowance	118,463	130,913
Telephone Allowance	12,000	-
Car Allowance	127,012	127,171
Company Contributions to UIF, Medical and Pension Funds	92,643	2,994
Total	842,818	727,695

Remuneration of the Manager: Infrastructure

Annual Remuneration	221,433	384,765
Performance Bonus	63,433	64,960
Housing Allowance	33,475	76,611
Telephone Allowance	6,000	-
Car Allowance	55,511	104,781
Company Contributions to UIF, Medical and Pension Funds	60,201	27,240
Total	440,053	658,357

(Resigned 31 December 2010)

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
Remuneration of the Manager: Community Services		
Annual Remuneration	414,296	358,559
Performance Bonus	69,746	60,760
Housing Allowance	139,519	105,244
Telephone Allowance	12,000	-
Car Allowance	80,454	146,213
Company Contributions to UIF, Medical and Pension Funds	128,939	34,736
Total	844,953	705,512
Remuneration of the Manager: Public Safety		
Annual Remuneration	398,020	365,540
Performance Bonus	60,588	52,514
Housing Allowance	87,390	91,301
Telephone Allowance	12,000	-
Car Allowance	161,886	153,775
Company Contributions to UIF, Medical and Pension Funds	116,796	33,314
Total	836,680	696,444
Remuneration of the Manager: Housing		
Annual Remuneration	398,020	365,540
Performance Bonus	66,152	57,327
Housing Allowance	55,514	62,929
Telephone Allowance	12,000	-
Car Allowance	134,256	133,071
Company Contributions to UIF, Medical and Pension Funds	126,172	36,414
Total	792,115	655,281
Remuneration of the Manager: Office of the Speaker		
Annual Remuneration	414,296	385,151
Performance Bonus	76,390	44,542
Housing Allowance	163,175	114,638
Telephone Allowance	14,091	13,523
Car Allowance	75,786	127,933
Company Contributions to UIF, Medical and Pension Funds	120,474	108,529
Total	864,211	794,316

30. REMUNERATION OF COUNCILLORS

Executive Mayor	622,615	593,375
Speaker	475,822	478,120
Councillors Transport Allowance	2,692,624	2,560,597
Company Contributions to UIF, Medical and Pension Funds	1,433,447	1,748,329
Councillors: Housing allowance	549,374	516,088
Councillors allowances	5,473,553	4,781,448
Total Councillors' Remuneration	11,247,434	10,677,958

In-kind Benefits

The Executive Mayor, Speaker, Whip and Mayoral Committee Members are full time. Each is provided with an office and secretarial support at the cost of the council.

The Executive Mayor has use of a Council owned vehicle for official duties and a full time driver.

31. DEPRECIATION AND AMORTISATION

Depreciation and Amortisation	33,481,671	21,736,717
Total Depreciation and Amortisation	33,481,671	21,736,717
Attributable to:		
Continuing Operations	33,481,671	21,736,717
Discontinued Operations	-	-
	33,481,671	21,736,717

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	R	R
32. IMPAIRMENT LOSSES		
<i>32.1 Impairment Losses on Financial Assets</i>		
Impairment Losses Recognised:	17,549,168	13,656,504
Consumer Debtors - Recoveries	(523,563)	(186,377)
Consumer debtors - Provision	(13,394,713)	(1,571,544)
Consumer debtors - Written off	30,439,448	16,436,756
Debtors - Arrangements	1,027,996	(1,022,331)
Total Impairment Losses	17,549,168	13,656,504
Attributable to:		
Continuing Operations	17,549,168	13,656,504
Discontinued Operations	-	-
	17,549,168	13,656,504
33. FINANCE COSTS		
Loans and Payables at amortised cost	3,316,728	4,325,477
Other	67,059	62,670
Total Interest Expense	3,383,788	4,388,147
Less: Amounts included in the Cost of qualifying Assets	-	-
Total Interest Paid on External Borrowings	3,383,788	4,388,147
Attributable to:		
Continuing Operations	3,383,788	4,388,147
Discontinued Operations	-	-
	3,383,788	4,388,147
34. BULK PURCHASES		
Electricity	202,565,784	162,236,942
Water	6,143,542	4,026,435
Total Bulk Purchases	208,709,326	166,263,376
Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Eskom.		
35. GRANTS AND SUBSIDIES PAID		
Indigents	28,147,631	21,336,302
Other	3,976,422	3,641,283
Total Grants and Subsidies	32,124,053	24,977,585
36. GENERAL EXPENSES		
Accommodation for officials	5,982	14,680
Administrative costs	11,000	-
Advertisements	594,697	535,174
Airport expenses	965,887	24,798,634
Allowance: Tender / Audit committee	1,408	65,303
Ammunition	24,921	18,874
Annual contribution: Treasure Route	20,000	20,000
Antiseptic and Detergents	45,229	42,211
Assessment Rates	116,501	119,199
Bank charges	1,528,179	1,393,020
Braai Grids	12,343	12,052

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Chemicals	1,474,080	1,799,213
Clean up operation: City	3,900,066	5,390,963
Cleaning materials	506,364	337,802
Commission	2,247,539	3,338,688
Community Development	549,166	583,724
Compassionate fund	223,622	115,323
Contribution: Freedom Day Celebrations	255,089	4,900
Conveyancing	61,891	81,427
Copy paper and equipment	30,742	29,022
Corporate gifts	102,156	94,894
Decorative requirements	2,338	2,603
Deputations: Travelling fees	2,273,270	1,900,999
Detergents	8,244	6,711
Development: Tourism	148,214	122,264
Digging of graves	36,164	33,573
Disaster emergency fund	556,559	-
Discretionary fund	313,005	465,320
Display poster and banners	14	1,608
Documentation	2	1,277
Donations	48,713	404,579
Drawing requirements	12,817	12,758
Eco-circles	393,051	287,370
Electricity used	15,441,896	11,525,169
Emergency services	23,470	34,315
Executive Mayor Fund	229,139	214,529
Executive Mayor: Special Projects	278,250	582,228
Extention services	25,685	21,945
Fertilisation	49,471	36,789
Field maps	7,033	10,326
First Aid Provisions	17,315	10,298
Flocculating Agents	58,996	52,008
Fuel and Oil	315,784	310,411
Functions	360	212
GIS: Maps	15,619	236
GPRS Usage Cost	1,723	180,924
Hire of equipment	22,858	23,057
Incentives	17,500	27,500
Indigent funerals	271,243	197,277
Indirect Material	12,266	10,797
Industrial Council Levy	49,447	45,289
Insurance	2,264,935	3,277,068
International Relationships	284,158	176,064
Internet	250,000	3,894
Irrigation water	42,078	87,856
Walter Sisulu Avenue Forum	263,158	202,632
Laboratory requirements	271,632	85,567
Laundry	18,962	22,768
SALGA membership	1,104,902	930,783
Levies Computer Services & Skills Development	1,479,871	1,339,961
Liaison requirements	4,495	2,425
License fees	677,547	670,949
Loss control	12,706	25,631
Lost books, records and art copies	4,829	-
Magazines and reference work	64,781	65,191
Marketing brochures	664,133	642,290
Materials	1,794	1,453
Mayoral advisory committee	27,297	41,739
Mayoral allowance: General	121,014	77,562
Mayoral allowance: Personal	26,118	22,438
Meals: Overtime workers	259,509	93,371
Moorriver Mall: Craft Holdings	-	3,584,600
Expenses: Other	2,483,856	5,200,856
Printing and stationary	2,667,970	2,530,711
Projects	200,333	201,188
Purchase of books and tapes	143,635	161,665
Railway: Departmental	5,120	5,592
Receptions	1,051,019	940,975
Recreation programs	51,924	40,212

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Refreshments	64,268	77,879
Rental equipment	3,126,506	3,162,747
Sanitation	669,649	548,155
Seed and bulbs	4,861	5,042
SDR Dolomite Research Program	1,463,000	-
SMME Development	117,740	-
Sport recreations	134,488	62,831
Sprays	120,291	57,942
Stamps	1,229,571	199,452
Star grading for council venues	47,781	1,203,455
Subscriptions	22,403	39,020
Telephone	465,932	8,208
Tlokwe news paper	384,798	372,164
Toiletries	111,607	402,970
Track suits	-	161,030
Training	59,658	108,375
Insurance: Housing	1,487	90,579
Valuation roll	-	8,375
Ward committee ceremony	611,908	-
Water consumption	1,569,612	593,993
Weed killer	65,494	1,527,547
Welding materials	5,930	137,903
Womens Day celebration	212,549	5,392
World Cup: 2010	335,794	266,064
Youth Day celebrations	234,571	3,668,342
Total General Expenses	58,814,977	88,460,379

The amounts disclosed above for Other General Expenses are in respect of costs incurred in the general management of the municipality and not direct attributable to a specific service or class of expense. Inter-departmental Charges are charged to other trading and economic services for support services rendered.

37. CHANGE IN ACCOUNTING POLICY

Accounting for revenue from non-exchange transactions:

The Municipality opted to develop an accounting policy based on GRAP 23, Revenue from Non-exchange Transactions. Previously under GAMAP 9, the Municipality would recognise a liability if restrictions exist on the use of the resources received. The effect of the change in accounting policy is that the Municipality now only recognises a liability from government grants received, only if restrictions exist on the use of the resources received and it is required to repay any funds not utilised in accordance with those restrictions.

The comparative amounts have not been restated.

38. CORRECTION OF ERROR

Corrections were made and appropriated to the Accumulated Surplus Account during the financial years ended 30 June.

2009

Details of the appropriations are as follows:

Opening balance surplus account	930,929,641
---------------------------------	-------------

Unappropriated Surplus Account:

Correction to Land Stock	616,010,060
Correction of Property, Plant & Equipment	131,080,460
Correction of Intangible assets	76,153
Correction of Trade Receivables from Non-Exchange Transactions - Traffic Fines	(3,218,326)

Increase / (Decrease) in Unappropriated Surplus Account

743,948,347

Closing balance Surplus Account	1,674,877,988
---------------------------------	---------------

Land Held for Sale

During the asset identification project land was identified where title deed registration has not taken place. This land was included in the land held for sale register as the properties are still registered with the deed office as council land.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Property, Plant & Equipment

During the drafting of the 2008/2009 financial statements assets were incorrectly disposed. The correction of error is the correction of these assets that were incorrectly disposed.

Intangible assets

During the drafting of the 2008/2009 financial statements assets were incorrectly disposed. The correction of error is the correction of these assets that were incorrectly disposed.

Trade Receivables from Non-Exchange Transactions

Being correction of opening balance Traffic Fines Trade Receivable.

38.1 Reclassification of Expenditure

The prior year figures of Expenditure Classes have been restated to correctly classify the nature of Expenditure of the municipality.

The effect of the Correction of Error is as follows:

	2009/2010 Expenditure	Adjustment	Restated Amount
Finance cost	4,809,013	(420,866)	4,388,147
	<u>4,809,013</u>	<u>(420,866)</u>	<u>4,388,147</u>

Nature

Finance cost

Finance cost was restated due to interest being written back by SARS at no cost to council.

38.2 Reclassification of Statement of Financial Position

The prior year balances of items on the Statement of Financial Position have been restated to correctly classify the nature of the balances.

The effect of the Correction of Error is as follows:

	2009/2010 Current Assets	Adjustment	Restated Amount
Inventory	190,463,166	614,331,760	804,794,926
Trade Receivables from Non-Exchange Transactions	51,187,127	3,798,409	47,388,718
	<u>241,650,293</u>	<u>618,130,169</u>	<u>852,183,645</u>

Nature

Inventory

Inventory was restated with the correction of land held for sale due to title deed registration of properties which have not taken place (R616 010 060).

Inventory was restated due to Land that was incorrectly classified as Land Stock (R1 678 300) .

Trade Receivables from Non-Exchange Transactions

Trade Receivables from Non-Exchange Transactions were restated due to the following reasons:

1. Being opening balance correction 2008/2009 incorrectly posted on system.
2. Sale of erven debtor balance correction.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

The effect of the Correction of Error is as follows:

	2009/2010 Non-Current Assets	Adjustment	Restated Amount
Property, Plant & Equipment	758,370,796	132,758,760	891,129,556
Intangible Assets	112,436	76,153	188,589
	758,483,232	132,834,913	891,318,146

Nature

Property, Plant & Equipment

1. Property, Plant & Equipment was restated due to Land that was incorrectly classified as Land Stock (R1 678 300).
2. During the drafting of the 2008/2009 financial statements assets were incorrectly disposed. The correction of error is the correction of these assets that were incorrectly disposed. (R131 080 460) - Refer to App B for detail.

Intangible Assets

1. During the drafting of the 2008/2009 financial statements assets were incorrectly disposed. The correction of error is the correction of these assets that were incorrectly disposed. (R76 153) - Refer to App B for detail.

The effect of the Correction of Error is as follows:

	2009/2010 Current Liabilities	Adjustment	Restated Amount
Creditors	72,887,786	(1,000,950)	71,886,836
	72,887,786	(1,000,950)	71,886,836

Nature

Creditors

Creditors were restated due to the following reasons:

1. SARS interest written back.
2. Sale of erven debtor correction.

	2011 R	2010 R
39. CASH GENERATED BY OPERATIONS		
Surplus / (Deficit) for the Year	64,350,264	77,159,835
Adjustment for:		
Other non cash flow items	-	181,832
Realisation of Land Transfers	(22,265,000)	-
Other non cash flow items - Landfill site valuation	-	426,940
Depreciation and Amortisation	33,481,671	21,736,717
Other Movement on Non-Current Assets Held For Sale	195,000	-
Other Movement on Intangible Assets	-	(112,436)
Contribution to Retirement Benefit Liabilities	17,590,486	15,972,033
Contribution to Performance Bonuses	-	352,651
Movements in provisions - Current	2,242,517	1,137,907
Movement in provision - Long-term	267,052	1,000,998
Expenditure incurred from Provisions	-	-
Investment Income	(24,068,370)	(25,580,839)
Finance Costs	3,383,788	4,809,013
Operating surplus before working capital changes	75,177,408	97,084,651
(Increase)/Decrease in Inventories	21,847,563	3,525,355
(Increase)/Decrease in Trade Receivables From Exchange Transactions	(6,108,891)	(16,358,856)
(Increase)/Decrease in Trade Receivables From Non-Exchange Transactions	(5,515,385)	(28,287,946)
(Increase)/Decrease in Short-term portion of long-term receivable	232,480	(229,620)
Increase/(Decrease) in Consumer Deposits	855,137	669,668
Increase/(Decrease) in Creditors	(25,709,730)	5,146,818
Increase/(Decrease) in Conditional Grants and Receipts	(1,023,515)	(11,796,991)
Long-term receivables	-	1,784,660
Cash generated by / (utilised in) Operations	59,755,067	51,537,740

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

40. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

40.1 Unauthorised Expenditure	2011 R	2010 R
Reconciliation of Unauthorised Expenditure:		
Opening balance	61,105,990	15,145,080
Unauthorised Expenditure current year	23,552,267	45,960,910
Approved by Council or condoned	(61,105,990)	-
To be recovered – contingent asset	-	-
Transfer to receivables for recovery	-	-
Unauthorised Expenditure awaiting authorisation	<u>23,552,267</u>	<u>61,105,990</u>

Incident	Details	Amount	Action taken
Total Unauthorised Expenditure	<i>Overexpenditure on budget</i>	23,552,267	<i>Refer note below</i>

Note

Council to investigate above expenditure and institute actions where required and report findings to council for further attention.

40.2 Fruitless and Wasteful Expenditure

Reconciliation of Fruitless and Wasteful expenditure:		
Opening balance	1,126,504	-
Fruitless and Wasteful Expenditure current year	148,794	1,126,504
Condoned or written off by Council	(1,126,504)	-
To be recovered – contingent asset	-	-
Transfer to receivables for recovery	-	-
Fruitless and Wasteful Expenditure awaiting condonement	<u>148,794</u>	<u>1,126,504</u>

Incident	Details	Amount	Action taken
<i>Deloitte Consulting (Pty) Ltd</i>	<i>Interest was charged on account due to late payment</i>	928	<i>Refer note below</i>
<i>Muller Mostert & Partners</i>	<i>Interest was charged on account due to late payment</i>	31,147	<i>Refer note below</i>
<i>Eskom</i>	<i>Interest was charged on account due to late payment</i>	116,719	<i>Refer note below</i>
		<u>148,794</u>	

Note

Council to investigate above expenditure and institute actions where required and report findings to council for further attention.

40.3 Irregular Expenditure

Reconciliation of Irregular Expenditure:		
Opening balance	98,570,021	3,334,970
Irregular Expenditure current year	32,496,578	95,235,050
Condoned or written off by Council	(98,570,021)	-
To be recovered – contingent asset	-	-
Transfer to receivables for recovery	-	-
Irregular Expenditure awaiting condonement	<u>32,496,578</u>	<u>98,570,021</u>

Incident	Details	Amount	Action taken
Total Irregular Expenditure	<i>Non-compliance to the Municipal Supply Chain Regulations, PPPFA, PPR.</i>	32,496,578	<i>Refer note below</i>

Note

Council to investigate above expenditure and institute actions where required and report findings to council for further attention.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

41. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

	2011 R	2010 R
41.1 Contributions to organised local government - SALGA		
Opening Balance	-	-
Council Subscriptions	1,104,902	930,783
Amount Paid - current year	(1,104,902)	(930,783)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	<u>-</u>	<u>-</u>
41.2 Audit Fees		
Opening Balance	-	-
Current year Audit Fee	2,990,054	2,942,482
Amount Paid - current year	(2,990,054)	(2,942,482)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	<u>-</u>	<u>-</u>
41.3 VAT		
VAT inputs receivables and VAT outputs receivables are shown in Note 5. All VAT returns have been submitted by the due date throughout the year.		
41.4 PAYE and UIF		
Opening Balance	-	-
Current year Payroll Deductions	21,504,079	19,904,766
Amount Paid - current year	(21,504,079)	(19,904,766)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	<u>-</u>	<u>-</u>
41.5 Pension and Medical Aid Deductions		
Opening Balance	-	-
Current year Payroll Deductions and Council Contributions	48,453,757	48,080,418
Amount Paid - current year	(48,453,757)	(48,080,418)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	<u>-</u>	<u>-</u>

41.6 Councillor's arrear Consumer Accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at:

	Total	Outstanding up to 90 days	Outstanding more than 90 days
30 JUNE 2011			
Mohlope PA	2,060	278	1,782
Hendriks CT	37,601	1,825	35,776
Johnson CC	785	26	759
Kham XD	1,677	311	1,366
Mboniswa NA	164	-	164
Total Councillor Arrear Consumer Accounts	<u>42,286</u>	<u>2,439</u>	<u>39,847</u>
30 JUNE 2010			
Councillor Mosenogi K N	4,987	3,282	1,705
Total Councillor Arrear Consumer Accounts	<u>4,987</u>	<u>3,282</u>	<u>1,705</u>

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

During the year the following Councillors had arrear accounts outstanding for more than 90 days:

30 JUNE 2011	Highest amount outstanding	Ageing
Mohlope PA	1,692	> 150 Days
Hendriks CT	35,181	> 150 Days
Johnson CC	751	> 150 Days
Kham XD	1,264	> 150 Days
Mboniswa NA	164	> 120 Days

30 JUNE 2010	Highest amount outstanding	Ageing
Councillor Koloti D M	8,255	>120 Days
Councillor Johnson M	5,323	>120 Days
Alderman Mampe T R	750	>90 Days
Alderman Mokgethi R H	1,621	>120 Days
Councillor Mogoshane M P & M L	71	>90 Days
Councillor Louw E H	3,510	>90 Days
Councillor Mono T B & N M	168	>90 Days
Councillor Mosenogi D M	1,687	>90 Days

41.7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act

No known matters existed at reporting date.

41.8 Deviation from, and ratification of minor breaches of the Procurement Processes

In terms of section 36(2) of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved / condoned by the Municipal Manager and noted by Council.

The following deviations from the tender stipulations in terms of the municipality's Supply Chain Management By-law were ratified by the Municipal Manager and reported to Council:

Department	Date	Successful Tenderer	Reason	Amount
Infrastructure	Year 2010/2011	Motla Engineering	Procurement process was dispensed in terms of Section 59 of Council's Supply Chain Management By-law, the company that developed the business plans and implemented the first phase of the project.	R 60 000 pm
Infrastructure	Year 2010/2011	Geo Power	To normalise the present and unsafe conditions at DS & Alpha Substations as soon as possible	2,171,000
Infrastructure	Year 2010/2011	Motla Engineering	The official procurement process be dispensed with in terms of Section 36(1) of the Municipal Supply Chain Management Regulations with regards to the extension of appointments	106,425

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Infrastructure	Year 2010/2011	Rekohn Electrical	To complete 71 additional electricity connections at Matlwang Village	633,786
Housing	Year 2010/2011	Townscape Planning Solutions	The Municipal Manager indicated that he will proceed informing National Treasury, Provincial Treasury and the Auditor-General of the reasons why this tender is awarded contrary to the recommendations of the Evaluation and Adjudication Committees	493,693
Management	Year 2010/2011	Videotheque	Procurement process was dispensed in terms of Section 59 of Council's Supply Chain Management By-law.	78,125
Management	Year 2010/2011	Protoscape Events	Procurement process was dispensed in terms of Section 59 of Council's Supply Chain Management By-law.	39,750
Infrastructure	Year 2010/2011	Motla Engineering	To provide additional connections for the area not covered by the backbone network	63,035
Infrastructure	Year 2010/2011	Rekohn Electrical	To provide additional connections for the area not covered by the backbone network	803,400

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

42. FINANCIAL INSTRUMENTS

42.1 Classification

FINANCIAL ASSETS:

In accordance with IAS 39.09 the Financial Assets of the municipality are classified as follows (FVTPL = Fair Value through Profit or Loss):

<u>Financial Assets</u>	<u>Classification</u>	2011 R	2010 R
Non-current Investments			
Fixed Deposits	Held to maturity	-	31,163,860
Long-term Receivables			
Debtors Capitalised Arrear Services	Loans and receivables	-	3,962,636
Sale of Erven	Loans and receivables	45,268	60,388
Consumer Debtors		91,075,866	84,966,975
Assessment Rates	Loans and receivables	27,919,642	28,101,183
Electricity	Loans and receivables	27,689,257	20,507,069
Refuse	Loans and receivables	3,628,652	3,711,876
Sewerage	Loans and receivables	5,342,695	4,891,755
Water	Loans and receivables	11,681,583	13,528,819
Other Debtors	Loans and receivables	42,733,679	42,327,457
Other Debtors			
Payments made in Advance	Loans and receivables	72,610	304,332
Sundry Debtors	Loans and receivables	23,294,512	18,337,229
VAT Receivable			
VAT Control Accounts	Loans and receivables	12,414,814	14,104,714
Bank, Cash and Cash Equivalents			
Notice Deposits	Held to maturity	97,077,604	60,503,453
Bank Balances	Available for sale	13,640,683	17,693,483
Cash Floats and Advances	Available for sale	29,142	25,992
Other Cash Equivalents	Available for sale	(1,464)	(14,850)
Current Portion of Long-term Receivables			
Car Loans	Loans and receivables	-	232,480
SUMMARY OF FINANCIAL ASSETS		2011 R	2010 R
Short-term Investment Deposits	Call Deposits	-	-
Short-term Investment Deposits	Notice Deposits	97,077,604	60,503,453
		97,077,604	60,503,453
Loans and Receivables			
Long-term Receivables	Debtors Capitalised Arrear Services	-	3,962,636
Long-term Receivables	Sale of Erven	45,268	60,388
Consumer Debtors	Assessment Rates	27,919,642	28,101,183
Consumer Debtors	Electricity	27,689,257	20,507,069
Consumer Debtors	Refuse	3,628,652	3,711,876
Consumer Debtors	Sewerage	5,342,695	4,891,755
Consumer Debtors	Water	11,681,583	13,528,819
Consumer Debtors	Other Debtors	42,733,679	42,327,457
Other Debtors	Payments made in Advance	72,610	304,332
Other Debtors	Sundry Debtors	23,294,512	18,337,229
VAT Receivable	VAT Control Accounts	12,414,814	14,104,714
Current Portion of Long-term Receivables	Car Loans	-	232,480
		154,822,712	150,069,937

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Available for Sale:

Bank Balances and Cash	Bank Balances	13,640,683	17,693,483
Bank Balances and Cash	Cash Floats and Advances	29,142	25,992
Bank Balances and Cash	Other Cash Equivalents	(1,464)	(14,850)

<u>13,668,362</u>	<u>17,704,625</u>
-------------------	-------------------

Total Financial Assets

<u>265,568,678</u>	<u>228,278,014</u>
---------------------------	---------------------------

FINANCIAL LIABILITIES:

In accordance with IAS 39.09 the Financial Liabilities of the municipality are classified as follows (FVTPL = Fair Value through Profit or Loss):

<u>Financial Liabilities</u>	<u>Classification</u>		
Long-term Liabilities			
Annuity Loans	Financial liabilities at amortised cost	21,007,586	21,919,518
Consumer Deposits			
Electricity and Water	Financial liabilities at amortised cost	10,757,649	9,902,512
Creditors			
Trade Creditors	Financial liabilities at amortised cost	12,035,145	10,345,141
Payments received in Advance	Financial liabilities at amortised cost	8,832,829	9,433,191
Accruals	Financial liabilities at amortised cost	3,303,541	3,375,268
Sundry Deposits	Financial liabilities at amortised cost	-	490,696
Other Creditors	Financial liabilities at amortised cost	22,005,592	48,242,541
Unspent Conditional Grants and Receipts			
National Government Grants	Financial liabilities at amortised cost	5,180,786	3,364,244
Provincial Government Grants	Financial liabilities at amortised cost	4,040,122	6,529,820
Local Government Grants	Financial liabilities at amortised cost	90,207	118,587
Other Spheres of Government	Financial liabilities at amortised cost	1,256,957	1,256,957
Developers Contributions	Financial liabilities at amortised cost	1,301,670	1,623,649
Current Portion of Long-term Liabilities			
Annuity Loans	Financial liabilities at amortised cost	882,367	767,944
Financial Liabilities at Amortised Cost:		2011	2010
		R	R
Long-term Liabilities	Annuity Loans	21,007,586	21,919,518
Consumer Deposits	Electricity and Water	10,757,649	9,902,512
Creditors	Leave provision	12,035,145	10,345,141
Creditors	Payments received in Advance	8,832,829	9,433,191
Creditors	Retentions	8,171,475	8,433,936
Creditors	Provisions	3,303,541	3,375,268
Creditors	Other Creditors	13,834,117	40,299,301
Unspent Conditional Grants and Receipts	National Government Grants	5,180,786	3,364,244
Unspent Conditional Grants and Receipts	Provincial Government Grants	4,040,122	6,529,820
Unspent Conditional Grants and Receipts	Local Government Grants	90,207	118,587
Unspent Conditional Grants and Receipts	Other Spheres of Government	1,256,957	1,256,957
Unspent Conditional Grants and Receipts	Developers Contributions	1,301,670	1,623,649
Unspent Conditional Grants and Receipts	Public Contributions	-	-
Short-term Loans	Call Bonds	-	475,583
Current Portion of Long-term Liabilities	Annuity Loans	882,367	767,944
		<u>90,694,450</u>	<u>117,845,649</u>
Total Financial Liabilities		<u>90,694,450</u>	<u>117,845,649</u>

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

42.2 Fair Value

The Fair Values of Financial Assets and Financial Liabilities are determined as follows:

- the Fair Value of Financial Assets and Financial Liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices;

In accordance with IAS 39.09 the Fair Values of Financial Assets and Financial Liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follows:

The management of the municipality is of the opinion that the carrying value of Financial Assets and Financial Liabilities recorded at amortised cost in the Annual Financial Statements approximate their fair values. The fair value of Financial Assets and Financial Liabilities were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the current payment ratios of the municipality's debtors.

	30 JUNE 2011		30 JUNE 2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	R	R	R	R
FINANCIAL ASSETS				
Held to maturity:	97,077,604	97,077,604	60,503,453	60,503,453
Notice Deposits	97,077,604	97,077,604	60,503,453	60,503,453

	30 JUNE 2011		30 JUNE 2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	R	R	R	R
Loans and Receivables	154,822,712	154,822,712	150,069,937	150,069,937
Consumer Debtors	118,995,508	118,995,508	113,068,159	113,068,159
Long-term receivables	45,268	45,268	4,023,024	4,023,024
Current Portion of Long-term Receivables	-	-	232,480	232,480
Other Debtors	23,367,123	23,367,123	18,641,561	18,641,561
VAT Receivable	12,414,814	12,414,814	14,104,714	14,104,714
Available for Sale	13,668,362	13,668,362	17,704,625	17,704,625
Bank Balances and Cash	13,668,362	13,668,362	17,704,625	17,704,625
Total Financial Assets	265,568,678	265,568,678	228,278,014	228,278,014

	30 JUNE 2011		30 JUNE 2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	R	R	R	R
FINANCIAL LIABILITIES				
Designated as FVTPL:	90,694,450	90,694,450	117,845,649	117,845,649
Local Registered Stock Loans	-	-	-	-
Unsecured Bank Facilities:	21,007,586	21,007,586	21,919,518	21,919,518
- Annuity Loans	21,007,586	21,007,586	21,919,518	21,919,518
Trade and Other Payables:	69,686,864	69,686,864	95,926,132	95,926,132
- Consumer Deposits	10,757,649	10,757,649	9,902,512	9,902,512
- Creditors	46,177,107	46,177,107	71,886,836	71,886,836
- Unspent Conditional Grants	11,869,742	11,869,742	12,893,257	12,893,257
- Current Portion of Long-term Liabilities	882,367	882,367	767,944	767,944
Total Financial Liabilities	90,694,450	90,694,450	117,845,649	117,845,649
Total Financial Instruments	174,874,227	174,874,227	110,432,365	110,432,365

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

42.3 Capital Risk Management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The municipality's overall strategy remains unchanged from 2010.

The capital structure of the municipality consists of debt, which includes the Long-term Liabilities disclosed in Note 17, Bank, Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 22 and the Statement of Changes in Net Assets.

Gearing Ratio

	2011	2010
	R	R
The gearing ratio at the year-end was as follows:		
Debt	21,889,953	22,687,462
Bank, Cash and Cash Equivalents	110,716,823	78,182,085
Net Debt	<u>132,606,776</u>	<u>100,869,547</u>
Equity	<u>1,791,413,086</u>	<u>1,752,037,823</u>
Net debt to equity ratio	<u>7.40%</u>	<u>5.76%</u>

Debt is defined as Long- and Short-term Liabilities, as detailed in Note 17.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance.

42.4 Financial Risk Management Objectives

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The municipality's Finance department provides services to the municipality, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the municipality through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Department of Finance monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

42.5 Significant Accounting Policies

Details of the significant Accounting Policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of Financial Asset, Financial Liability and Equity Instrument are disclosed in the Accounting Policies to the Annual Financial Statements.

42.6 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates. No formal policy exists to hedge volatilities in the interest rate market.

42.7 Interest Rate Risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. No investment with a tenure exceeding twelve months shall be made without consultation with the councillor responsible for financial matters.

Consumer debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection By-law.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality is exposed to interest rate risk as the municipality borrows funds at both fixed and floating interest rates. The risk is managed by the municipality by maintaining an appropriate mix between fixed and floating rate borrowings, by the use of interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring optimal hedging strategies are applied, by either positioning the balance sheet or protecting interest expense through different interest rate cycles.

The municipality's exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

42.8 Credit Risk Management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound Credit Control and Debt Collection By-law and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses other publicly available financial information and its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the municipality uses other publicly available financial information and its own trading records to rate its major customers. The municipality's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the municipality's Investment Policy. These limits are reviewed annually by the Chief Financial Officer and authorised by the Council.

Trade Receivables consist of a large number of customers, spread across different industries in the geographical area of the municipality. Periodic credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee is increased accordingly.

Consumer Debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas within the jurisdiction of the municipality. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection By-law.

Long-term Receivables and Other Debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk did not exceed 5% of gross monetary assets at any time during the year. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Except as detailed in the following table, the carrying amount of financial assets recorded in the Annual Financial Statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained:

	2011 R	2010 R
The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:		
Fixed Deposit Investments	-	31,163,860
Long-term Receivables	45,268	3,790,544
Consumer Debtors	10,757,649	84,966,975
Trade Receivables from Non-Exchange Transactions	52,904,103	47,388,718
Bank, Cash and Cash Equivalents	110,716,823	78,182,085
Maximum Credit and Interest Risk Exposure	<u>174,423,843</u>	<u>245,492,182</u>

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

42. FINANCIAL INSTRUMENTS (Continued)

42.9. Effective Interest Rates and Repricing Analysis

In accordance with IFRS 7 .40 the following tables indicate the average effective interest rates of Income-earning Financial Assets and Interest-bearing Financial Liabilities at the reporting date and the periods in which they mature or, if earlier, reprice:

30 JUNE 2011

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
		%	R	R	R	R		R
FIXED RATE INSTRUMENTS								
Held-to-maturity Investments	10		-	-	-	-	-	-
Fixed Deposits			-	-	-	-	-	-
Total Fixed Rate Instruments			-	-	-	-	-	-
VARIABLE RATE INSTRUMENTS								
Short-term Investment Deposits	6	6.06%	97,077,604	97,077,604	-	-	-	-
Bank Balances and Cash	6	6.06%	13,639,219	13,639,219	-	-	-	-
Total Fixed Rate Instruments			110,716,823	110,716,823	-	-	-	-

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

30 JUNE 2010

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R		R
FIXED RATE INSTRUMENTS								
Held-to-maturity Investments	10	5.50%	31,163,860	-	-	31,163,860	-	-
Fixed Deposits			31,163,860	-	-	31,163,860	-	-
Total Fixed Rate Instruments			25,745,475	-	-	31,163,860	-	-
VARIABLE RATE INSTRUMENTS								
Short-term Investment Deposits	6	5.50%	60,503,453	60,503,453	-	-	-	-
Bank Balances and Cash	6	5.50%	17,678,632	17,678,632	-	-	-	-
Total Fixed Rate Instruments			78,182,085	78,182,085	-	-	-	-

42.10 Other Price Risks

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments.

42.11 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 47 is a listing of additional undrawn facilities that the municipality has at its disposal to further reduce liquidity risk (cash).

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Liquidity and Interest Risk Tables

The following tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The table includes both interest and principal cash flows.

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R		R
30 JUNE 2011								
Variable Interest Rate Instruments - DBSA Loan	17	14.79%	585,257	18,528	18,528	43,136	174,989	330,075
Variable Interest Rate Instruments - DBSA Loan	17	14.98%	4,595,993	117,747	117,747	274,998	1,125,881	2,959,619
Variable Interest Rate Instruments - DBSA Loan	17	14.98%	16,708,704	321,023	321,023	751,391	3,059,517	12,255,749
			21,889,954	457,299	457,298	1,069,525	4,360,388	15,545,444
30 JUNE 2010								
Variable Interest Rate Instruments - DBSA Loan	17	10.50%	617,497	18,528	18,528	43,136	174,989	362,315
Variable Interest Rate Instruments - DBSA Loan	17	10.50%	4,800,888	117,747	117,747	274,998	1,125,881	3,164,514
Variable Interest Rate Instruments - DBSA Loan	17	10.50%	17,269,077	321,023	321,023	751,391	3,059,517	12,816,122
			22,687,462	457,299	457,298	1,069,525	4,360,388	16,342,951

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

2011
R **2010**
R

43. MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

All councillors belong to the Pension Fund for Municipal Councillors.

Employees belong to a variety of approved Pension and Provident Funds as described below.

These schemes are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

The Municipal Councillors Fund and the Municipal Gratuity Fund are defined contribution plans. All of these afore-mentioned funds are multi-employer plans. Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

Municipal Councillors Pension Fund:

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (13,75%) and Council (15,00%) is sufficient to fund the benefits accruing from the fund in the future.

Municipal Employees Pension Fund:

The Municipal Employees Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (7.5%) and Council (22,00%) is sufficient to fund the benefits accruing from the fund in the future.

Municipal Gratuity Fund:

The Municipal Gratuity Fund operates as a defined contribution scheme. The contribution rate paid by the members (7.5%) and Council (22,00%) is sufficient to fund the benefits accruing from the fund in the future.

Potchefstroom Municipal Retirement Fund

The Potchefstroom Municipal Retirement Fund operates as a defined contribution scheme. The contribution rate paid by the members (8.5%) and Council (22,00%) is sufficient to fund the benefits accruing from the fund in the future.

SALA Pension Fund:

The SALA Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (8.6%) and Council (20,78%) is sufficient to fund the benefits accruing from the fund in the future.

South African Municipal Workers Union National Provident Fund:

The SAMWU Provident Fund operates as a defined contribution scheme. The contribution rate paid by the members (8.0%) and Council (22,00%) is sufficient to fund the benefits accruing from the fund in the future.

44. RELATED PARTY TRANSACTIONS

44.1. Related party relationships:

Councillors - Up to 18 May 2011

<u>Surname</u>	<u>Initials</u>	<u>Ward</u>
Raboto	NP	1
Krüger	R	2
Landsberg	JC	3
Davel	DL	4
Venter	JM	5
Le Roux	AA	6
Wright	LP	7
Hlahaswane	MD	8
Sehurutshe	MW	9
Mojapele	LW	10
Modiakgotla	EPM	11
Mokgethi	RH	12
Tafita	VC	13

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Mampe	TR	14
Theko	MD	15
Mono	TB	16
Taoleng	MA	17
Koloti	NM	18
Masiu	MA	19
Mogoshane	MP	20
Mahlabe	BE	21
Botha	FJ	Proportional
Coetzer	CJ	Proportional
Dassie	MR	Proportional
Dipico	SI	Proportional
Hills	DJ	Proportional
Johnson	CC	Proportional
Joubert	P	Proportional
Kalaote	RPI	Proportional
Krüger	TG	Proportional
Lekgetho	MB	Proportional
Louw	EH	Proportional
Maphetle	AJ	Proportional
Mosenogi	KN	Proportional
Qokela	YM	Proportional
Schoeman	D	Proportional
Segotso	BE	Proportional
Stoltz	HC	Proportional
Tsagae	DNS	Proportional
Tshabadira	PW	Proportional
Van Rensburg	RJ	Proportional
Zwane	TE	Proportional

Councillors - From 18 May 2011

<u>Surname</u>	<u>Initials</u>	<u>Ward</u>
Moloi	KE	1
Froneman	JD	2
Landsberg	JC	3
Makhaza	MJ	4
Venter	JM	5
Phakedi	LVM	6
Combrink	AC	7
Mogoeemang	KEG	8
Mojapele	LW	9
Motingoe	AG	10
Selowane	SM	11
Madiehe-Teme	MJ	12
Johnson	SJ	13
Makoe	MC	14
Pienaar	PJ	15
Mboniswa	NA	16
Qolome	QS	17
Bothoza	JN	18
Maduna	KBT	19
Mohlope	PA	20
Motlhabane	PI	21
Steenkamp	J	22
Kruger	R	23
Moolman	HJ	24
Le Roux	AA	25
Mahlabe	BE	26
Botha	FJ	Proportional
Bothoza	VL	Proportional
Carolus	DL	Proportional
Clarke	VC	Proportional
Coetzee	J	Proportional
Coetzer	CJ	Proportional
Dassie	MR	Proportional
Fransman	NS	Proportional

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Hendricks	CT	Proportional
Hlahaswane	MD	Proportional
Johnson	CC	Proportional
Kham	XD	Proportional
Kruger	TG	Proportional
Legoete	MD	Proportional
Lethoba	MD	Proportional
Mampe	KB	Proportional
Maphetle	AJ	Proportional
Mokgethi	RH	Proportional
Mosiane-Segotso	BE	Proportional
Mosounyana	MP	Proportional
Qokela	YM	Proportional
Schoeman	D	Proportional
Stoltz	HC	Proportional
Taoleng	MA	Proportional
Tsagae	DNS	Proportional
Zerwick	LJ	Proportional

Directors

	<u>Surname</u>	<u>Initials</u>	
Municipal Manager	Tyatya	S	
Deputy Municipal Manager	Moumakwe	BG	
Chief Financial officer	Jansen	MM	
Manager: Infrastructure	Mashele	NA	(Resigned 31 December 2010)
Manager: Economic Development	Masitenyane	RTS	
Manager: Community Services	Labuschagne	PC	
Manager: Public Safety	Molapisi	GO	
Manager: Housing	Mohlomi	LMK	
Manager: Office of the Speaker	Groenewald	BHJ	

44.2 Services rendered to Related Parties

During the year the municipality rendered services to the following related parties that are related to the municipality as indicated:

	Rates Charges R	Service Charges R	Sundry Charges R	Total Balances R
For the Year ended 30 JUNE 2011				
Councillors	71,379	349,121	5,560	426,059
Municipal Manager and Section 57 Personnel	29,680	250,753	50	280,483
Total Services	101,058	599,874	5,610	706,542

The services rendered to Related Parties are charged at approved tariffs that were advertised to the public. No Bad Debts were written off or recognised in respect of amounts owed by Related Parties.

The amounts outstanding are unsecured and will be settled in cash. Consumer Deposits were received from Councillors, the Municipal Manager and Section 57 Personnel not on the salary deduction list. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

44.3 Loans granted to Related Parties

In terms of the MFMA, the municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004.

44.4 Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in Notes 28 and 29 respectively, to the Annual Financial Statements.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Remuneration of the family of key management personnel and councillors that are employed at the municipality:

<u>Directors</u>	<u>Names</u>	<u>Family member</u>	<u>Department</u>	<u>Relationship</u>	<u>Remuneration</u>
Municipal Manager	S Tyatya	n/a	n/a	n/a	n/a
Deputy Municipal Manager	BG Moumakwe	n/a	n/a	n/a	n/a
Chief Financial Officer	MM Jansen	n/a	n/a	n/a	n/a
Manager: Infrastructure	NA Mashele	n/a	n/a	n/a	n/a
Manager: Economic Development	RTS Masitenyane	n/a	n/a	n/a	n/a
Manager: Community Services	PC Labuschagne	n/a	n/a	n/a	n/a
Manager: Public Safety	GO Molapisi	n/a	n/a	n/a	n/a
Manager: Housing	LMK Mohlomi	n/a	n/a	n/a	n/a
Manager: Office of the Speaker	BHJ Groenewald	n/a	n/a	n/a	n/a

<u>Senior Managers</u>	<u>Names</u>	<u>Family member</u>	<u>Department</u>	<u>Relationship</u>	<u>Remuneration</u>
Deputy Manager: Finance	PNR Wilgenbus	n/a	n/a	n/a	n/a
Chief Audit Executive	GHO vd Berg	n/a	n/a	n/a	n/a
Housing	B Robbertse	n/a	n/a	n/a	n/a
Human Resources	N Klaas	n/a	n/a	n/a	n/a
Labour Relations	D Mafolo	n/a	n/a	n/a	n/a
Community Services	T Muswede	n/a	n/a	n/a	n/a
Environmental Management	H Veldman	n/a	n/a	n/a	n/a
Infrastructure	J vd Berg	n/a	n/a	n/a	n/a
Infrastructure	J Coetzee	n/a	n/a	n/a	n/a
Infrastructure	C Stoltz	Ina Stoltz	n/a	Wife	n/a
Supply Chain Management	P Marais	n/a	n/a	n/a	n/a

<u>Councillors</u>	<u>Names</u>	<u>Family member</u>	<u>Department</u>	<u>Relationship</u>
Cllr Stoltz	Ina	Christo Stoltz	Infrastructure	Husband

44.5 Purchases from Related Parties

The municipality bought goods from the following companies, which are considered to be Related Parties:

<u>Company Name</u>	<u>Related Person</u>	<u>Company Capacity</u>	<u>Municipal Capacity</u>	<u>Purchases for the Year</u>	<u>Purchases for the Year</u>
Wright Guest House	L Wright	Owner	Councillor	79,070	105,890
Electro Instruments Mining (Pty) Ltd	FS Botha	70% Share	Councillor	64,490	-
Total Purchases				143,560	105,890

The transactions were concluded in full compliance with the municipality's Supply Chain Management Policy and the transactions are considered to be at arm's length.

44.6. Councillors and Officials with arrangements on consumer accounts

Councillors with arrangements

<u>Surname</u>	<u>Initials</u>	<u>Amount</u>	<u>Arrangement amount</u>
Qolome	KS	R 282	R 1,879

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Employees with arrangements

<u>Surname</u>	<u>Initials</u>		<u>Total</u>		<u>Arrangement amount</u>
De Koker	H	R	45,569	R	4,109
Dunywa	L	R	468	R	18,700
Grimbeek	D	R	3,546	R	961
Gumede	NJ	R	3,913	R	7,278
Jack	MM	R	1,273	R	6,131
Lebese	SJH	R	589	R	1,455
Madiehe	TI	R	594	R	1,963
Modise	MA	R	3,055	R	1,362
Moeketsane	DD	R	-196	R	1,774
Mokgoetsi	RB	R	3,522	R	2,487
Mokotedi	WR	R	380	R	4,122
Motlhaudi	TV	R	1,378	R	16,102
Neba	MD	R	700	R	36,617
Oageng	RD	R	-0	R	289
Pheto	SE	R	130	R	10,745
Seakamela	MP	R	252	R	655
Abinaar	MJ	R	20,378	R	8,404
Magaolane	SS	R	569	R	3,111
Maribe	MS	R	-323	R	2,421
Mathabele	JP	R	392	R	4,943
Moneymore	S	R	598	R	652
Ramphore	KM	R	230	R	1,652
Sizane	S	R	16,000	R	12,324
Thebehadi	RS	R	391	R	3,012
Thaanyane	CM	R	506	R	3,040
Witbooi	NK	R	459	R	1,465

44.7 Officials leasing council housing

<u>Surname</u>	<u>Initials</u>	<u>Monthly levy</u>	<u>Address</u>
Carsons	R	600.00	Kenneth Mc Arthur
Viljoen	H	1,850.00	Waterworks house
De Jager	CL	600.00	Sewerage house 2
Essop	J	2,000.00	Waterworks house
Gilbert	D	1,600.00	Dam house 1

45. CONTINGENT LIABILITIES

	2011 R	2010 R
45.1 Court Proceedings	73,634	5,703,634
(1) Council is involved in a claim of R3 million in five High Court Matters for damages arising out of alleged sexual harassment. (Awaiting court decision)	-	3,000,000
(2) Tlokwe City Council vs Sophia Jacobs and Maheppy for frivolous claim instituted against Council for specific performances and damages. (Awaiting court decision)	-	2,500,000
(3) Tlokwe City Council vs E Mosibi for sexual harassment claim. (Settled out of court)	-	70,000
(4) 3 Claims for defamation and/or injuria against an employee of City Council. (Settled out of court)	-	60,000
(5) Claim for non-payment of salary sick leave. (Awaiting court decision)	73,634	73,634
(6) Threatening claim against Council for damages. Possible counter claim by Council pending. This claim against council is because of contracted related issues with Labat. Both parties have stopped legal action for the time being.	n/a	n/a

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

46. CONTINGENT ASSETS

	2011 R	2010 R
46.1 Court Proceedings	100,000	100,000
(1) Tlokwe City Council vs RG Nair i.r.o of a motor loan.	100,000	100,000
(2) Threatening claim against Council for damages. Possible counter claim by Council pending. This counter claim is because of contracted related issues with Labat. Both parties have stopped with legal action for the time being.	n/a	n/a

47. COMMITMENTS FOR EXPENDITURE

47.1 Capital Commitments

Commitments in respect of Capital Expenditure:

- Approved and Contracted for:-

	23,432,510	6,643,688
Infrastructure	22,989,388	6,643,688
Community	-	-
Heritage	-	-
Other	443,122	-
Housing Development Fund	-	-
Investment Properties	-	-
Total Capital Commitments	23,432,510	6,643,688

This expenditure will be financed from:

External Loans	-	-
Capital Replacement Reserve	-	-
Government Grants	12,142,397	6,643,688
District Council Grants	-	-
Public Contributions	-	-
Own Resources	11,290,114	-
	23,432,510	6,643,688

48. COMPARISON WITH THE BUDGET

The comparison of the municipality's actual financial performance with that budgeted, is set out in Annexures "E (1) and E (2)".

49. EVENTS AFTER THE REPORTING DATE

No events after reporting date.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

50. RECONCILIATION OF BUDGET TO SURPLUS

Operating Budget vs Operating Surplus:

DETAILS	2011	2010
<i>Variance per Category:</i>		
Budgeted surplus before appropriations	54,797,023	8,969
Revenue variances	(7,767,120)	109,619,119
Expenditure variances:		
Employee Related Costs	(4,448,496)	(13,435,212)
Remuneration of Councillors	36,964	238,291
Depreciation and Amortisation	(3,782,885)	4,951,359
Impairment Losses	(8,549,168)	(9,656,504)
Repairs and Maintenance	13,246,810	7,847,349
Interest Paid	7,456,824	1,218,353
Bulk Purchases	10,278,854	508,250
Contracted Services	4,720,677	2,918,618
Grants and Subsidies Paid	(6,771,718)	(3,643,147)
General Expenses	5,132,499	(23,415,610)
Actual surplus before appropriations	64,350,264	77,159,835

51. COMPARATIVE FIGURES

The comparative figures were restated as a result of the effect of Prior Period Errors (Note 38).

APPENDIX A
TLOKWE CITY COUNCIL
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2011

Details	Original Loan Amount	Interest Rate	Loan Number	Redeemable	Balance at 30 JUNE 2010	Received during the Period	Redeemed/ Written Off during Period	Balance at 30 JUNE 2011
ANNUITY LOANS	R				R	R	R	R
DBSA	No info	14.79%	10909	30/09/2020	4,800,888	-	(204,895)	4,595,993
DBSA	No info	14.98%	10908	30/09/2019	617,497	-	(32,240)	585,257
DBSA	No info	14.98%	13708	31/03/2022	17,269,077		(560,373)	16,708,704
Total Annuity Loans	-				22,687,462	-	(797,508)	21,889,954
TOTAL EXTERNAL LOANS	-				22,687,462	-	(797,508)	21,889,954

**APPENDIX B
MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2011**

Description	Historical Cost					Revaluation		Cost / Revaluation			Accumulated Depreciation			Carrying Value	Assets Held for Sale
	Opening Balance	Correction of Prior Year Errors	Opening balance	Additions	Closing Balance	Opening Balance	Closing Balance	Opening Balance	Disposals	Closing Balance	Opening Balance	Additions	Closing Balance		
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
COMMUNITY															
Establishment of Parks and Gardens	2,562,373	1,500,036	4,062,409	215,625	4,278,034	4,278,034	4,278,034	4,278,034	-	4,278,034	(662,449)	(211,533)	(873,982)	3,404,052	-
Sportsfields	10,497,687	2,673,686	13,171,372	36,660	13,208,032	13,208,032	13,208,032	13,208,032	-	13,208,032	(8,048,227)	(532,394)	(8,580,620)	4,627,412	-
Community Halls	4,271,507	296,799	4,568,306	-	4,568,306	4,568,306	4,568,306	4,568,306	-	4,568,306	(3,274,822)	(183,227)	(3,458,049)	1,110,257	-
Libraries	6,646,234	311,425	6,957,659	2,844,492	9,802,151	9,802,151	9,802,151	9,802,151	-	9,802,151	(2,562,844)	(367,487)	(2,930,331)	6,871,820	-
Recreational facilities	13,563,844	1,523,237	15,087,081	-	15,087,081	15,087,081	15,087,081	15,087,081	-	15,087,081	(10,381,548)	(606,022)	(10,987,571)	4,099,510	-
Clinics	317,454	6,502	323,956	-	323,956	323,956	323,956	323,956	-	323,956	(261,371)	(12,969)	(274,340)	49,617	-
Museums and Art Galleries	962,768	263,878	1,226,646	-	1,226,646	1,226,646	1,226,646	1,226,646	-	1,226,646	(706,030)	(49,506)	(755,536)	471,110	-
Other Community	1,207,973	3,972	1,211,946	-	1,211,946	1,211,946	1,211,946	1,211,946	-	1,211,946	(1,029,060)	(59,762)	(1,088,822)	123,124	-
	40,029,840	6,579,535	46,609,375	3,096,776	49,706,152	49,706,152	49,706,152	49,706,152	-	49,706,152	(26,926,350)	(2,022,899)	(28,949,249)	20,756,903	-
INFRASTRUCTURE															
Roads, Pavements, Bridges and Storm Water	131,711,001	36,106,604	167,817,606	31,204,114	199,021,720	199,021,720	199,021,720	199,021,720	-	199,021,720	(68,527,893)	(4,041,274)	(72,569,166)	126,452,554	-
Water Reservoirs and Reticulation	37,637,918	7,344,786	44,982,704	119,206	45,101,910	45,101,910	45,101,910	45,101,910	-	45,101,910	(15,012,104)	(1,325,568)	(16,337,672)	28,764,239	-
Car Parks, Bus Terminals and Taxi Ranks	956,186	981,668	1,937,854	-	1,937,854	1,937,854	1,937,854	1,937,854	-	1,937,854	(749,012)	(113,672)	(862,684)	1,075,170	-
Electricity Reticulation	151,826,610	19,646,398	171,473,008	33,426,821	204,899,829	204,899,829	204,899,829	204,899,829	-	204,899,829	(98,134,432)	(2,950,166)	(101,084,599)	103,815,230	-
Sewerage Purification and Reticulation	83,117,700	16,009,822	99,127,522	221,945	99,349,466	99,349,466	99,349,466	99,349,466	-	99,349,466	(40,990,800)	(2,542,496)	(43,533,296)	55,816,170	-
Street Lighting	2,053,424	726,762	2,780,186	3,043,779	5,823,964	5,823,964	5,823,964	5,823,964	-	5,823,964	(1,240,852)	(76,312)	(1,317,164)	4,506,801	-
Solid Waste	12,955,726	624,384	13,580,110	456,843	14,316,952	14,316,952	14,316,952	14,316,952	-	14,316,952	(4,311,822)	(4,912,608)	(9,224,430)	5,092,522	-
Other Infrastructure	12,621,458	2,320,141	14,941,599	-	14,941,599	14,941,599	14,941,599	14,941,599	-	14,941,599	(8,123,897)	(745,071)	(8,868,968)	6,072,631	-
	432,860,023	84,060,564	516,920,588	66,472,707	585,393,295	585,393,295	585,393,295	585,393,295	-	585,393,295	(237,090,813)	(12,395,345)	(249,486,157)	335,907,138	-
HERITAGE															
Heritage	805,425	32,946	838,371	-	838,371	838,371	805,425	838,371	-	838,371	-	-	-	838,371	-
	805,425	32,946	838,371	-	838,371	838,371	805,425	838,371	-	838,371	-	-	-	838,371	-
HOUSING															
Housing Schemes	454,218	1,847,941	2,302,159	4,400	2,306,559	2,306,559	454,218	2,306,559	-	2,306,559	(333,093)	(150,531)	(483,624)	1,822,935	-
	454,218	1,847,941	2,302,159	4,400	2,306,559	2,306,559	454,218	2,306,559	-	2,306,559	(333,093)	(150,531)	(483,624)	1,822,935	-
OTHER ASSETS															
Motor Vehicles	27,197,220	8,359,849	35,557,069	5,851,881	41,208,950	41,208,950	41,208,950	41,208,950	-	41,208,950	(9,136,849)	(3,349,852)	(12,486,701)	28,722,249	-
Plant and Equipment	25,952,243	2,999,322	28,951,564	689,670	29,641,234	29,641,234	25,952,243	29,641,234	-	29,641,234	(7,275,912)	(4,930,499)	(12,206,411)	17,434,823	-
Office Equipment	16,018,323	16,179,641	32,197,964	1,246,571	33,444,535	33,444,535	16,018,323	33,444,535	-	33,444,535	(5,386,833)	(6,682,053)	(12,068,886)	21,375,648	-
Airports	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security Measures	4,803,853	1,439,491	6,243,344	1,172,834	7,416,179	7,416,179	4,803,853	7,416,179	-	7,416,179	(1,466,134)	(1,977,746)	(3,443,880)	3,972,298	-
Other Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	73,971,638	28,978,303	102,949,941	8,760,957	111,710,898	111,710,898	87,983,368	111,710,898	-	111,710,898	(23,265,728)	(16,940,151)	(40,205,879)	71,505,019	-
LAND & BUILDINGS															
Civic Land & Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Land & Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Land	486,528,600	-	486,528,600	-	486,528,600	486,528,600	486,528,600	486,528,600	(2,710,000)	483,818,600	-	-	-	483,818,600	8,902,000
Buildings	31,593,512	9,581,171	41,164,684	1,206,116	42,370,800	42,370,800	42,370,800	42,370,800	-	42,370,800	(18,568,177)	(1,910,628)	(20,478,805)	21,891,995	-
	518,112,112	9,581,171	527,693,284	1,206,116	528,899,400	528,899,400	528,899,400	528,899,400	(2,710,000)	526,189,400	(18,568,177)	(1,910,628)	(20,478,805)	505,710,595	8,902,000
Total	1,066,233,257	131,080,460	1,197,313,717	81,540,957	1,278,854,673	1,278,854,673	1,253,241,857	1,278,854,673	(2,710,000)	1,276,144,673	(306,184,160)	(33,419,554)	(339,603,714)	936,540,959	8,902,000

**TLOKWE
ANALYSIS OF INVESTMENT PROPERTIES AS AT 30 June 2011**

Description	Historical Cost					Revaluation		Cost / Revaluation			Accumulated Depreciation			Carrying Value	Assets Held for Sale
	Opening Balance	Correction of Prior Year Errors	Opening balance	Additions	Closing Balance	Opening Balance	Closing Balance	Opening Balance	Disposals	Closing Balance	Opening Balance	Transfers	Closing Balance		
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Investment Properties															
	24,420,000	-	24,420,000	-	24,420,000	24,420,000	24,420,000	24,420,000	-	24,420,000	-	-	-	24,420,000	-
	24,420,000	-	24,420,000	-	24,420,000	24,420,000	24,420,000	24,420,000	-	24,420,000	-	-	-	24,420,000	-

**MUNICIPALITY
ANALYSIS OF INTANGIBLE ASSETS AS AT 30 June 2011**

Description	Historical Cost					Revaluation		Cost / Revaluation			Accumulated Depreciation			Carrying Value	Assets Held for Sale
	Opening Balance	Correction of Prior Year Errors	Opening balance	Transfers	Closing Balance	Opening Balance	Closing Balance	Opening Balance	Disposals	Closing Balance	Opening Balance	Additions	Closing Balance		
	R	R	R	R	R	R	R	R	R	R	R	R	R		
Intangible Assets															
Computer Software	2,207,240	-	2,207,240	-	2,207,240	2,207,240	2,207,240	2,207,240	-	2,207,240	(2,207,240)	-	(2,207,240)	-	-
Service and Operating Rights & Other	1,529,012	76,153	1,605,166	-	1,605,166	1,605,166	1,605,166	1,605,166	-	1,605,166	(1,416,576)	(62,117)	(1,478,694)	126,472	-
	3,736,253	76,153	76,153	-	3,812,406	3,812,406	3,812,406	3,812,406	-	3,812,406	(3,623,817)	(62,117)	(3,685,934)	126,472	-
Total Fixed Asset Register	1,094,389,510	131,156,613	1,221,809,870	81,540,957	1,307,087,080	1,307,087,080	1,281,474,264	1,307,087,080	(2,710,000)	1,304,377,080	(309,807,977)	(33,481,671)	(343,289,648)	961,087,432	8,902,000

APPENDIX C
TLOKWE CITY COUNCIL
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT 30 JUNE 2011

	Opening Balance	Additions	Disposals / Transfers	Closing Balance	Accumulated Depreciation				Carrying Value	Budget Additions 2010/2011
					Opening Balance	Additions	Disposals / Transfers	Closing Balance		
Executive and Council	8,906,943	1,036,769	-	9,943,712	992,876	108,763	-	1,101,639	8,842,074	1,071,415
Finance and Administration	37,524,575	1,562,287	-	39,086,861	9,680,116	1,060,389	-	10,740,506	28,346,356	1,656,491
Planning and Development	537,540,449	841,101	(2,710,000)	535,671,550	22,276,533	2,440,239	-	24,716,772	510,954,778	855,791
Health	7,453,328	-	-	7,453,328	5,249,256	575,020	-	5,824,276	1,629,052	-
Community and Social Services	34,273,626	6,025,759	-	40,299,385	8,189,473	897,100	-	9,086,573	31,212,812	6,667,254
Housing	8,262,201	43,327	-	8,305,528	4,041,362	442,703	-	4,484,065	3,821,463	46,150
Public Safety	9,788,541	2,355,823	-	12,144,365	2,347,810	257,186	-	2,604,996	9,539,369	2,569,829
Sport and Recreation	29,142,782	-	-	29,142,782	19,915,686	2,181,625	-	22,097,311	7,045,471	-
Environmental Protection	544,795	-	-	544,795	234,685	25,708	-	260,394	284,401	-
Waste Management	106,751,054	1,163,606	-	107,914,660	45,441,178	4,977,765	-	50,418,943	57,495,717	3,400,000
Road Transport	178,416,905	33,471,767	-	211,888,672	69,747,973	7,519,616	-	77,267,589	134,621,083	52,131,153
Water	56,196,922	121,614	-	56,318,536	15,629,689	1,712,124	-	17,341,813	38,976,723	135,359
Electricity	182,511,596	34,918,903	-	217,430,499	102,437,521	11,221,318	-	113,658,839	103,771,660	43,438,158
TOTAL	1,197,313,717	81,540,957	(2,710,000)	1,276,144,674	306,184,160	33,419,555	-	339,603,715	936,540,959	111,971,600
	3,065,639.29	401,295.40	-2,710,000.00	756,934.69	1,019,535.61	111,683.03	-	1,131,218.64	-374,283.95	413,117.00
	1,197,313,717	81,540,957	-2,710,000	1,276,144,674	306,184,160	33,419,555	-	339,603,715	936,540,959	111,971,600

APPENDIX D
TLOKWE CITY COUNCIL
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011

2010 Actual Income	2010 Budgeted Income	2010 Actual Expenditure	2010 Budgeted Expenditure	2010 Surplus/ (Deficit)	Description	Vote No	2011 Actual Income	2011 Budgeted Income	2011 Actual Expenditure	2011 Budgeted Expenditure	2011 Surplus/ (Deficit)
156,431	2,651,200	(61,949,350)	(61,223,047)	(61,792,919)	Executive and council		751,053	751,200	(62,905,008)	(63,382,181)	(62,153,955)
-	1,200	(23,140,146)	(24,608,966)	(23,140,146)	GENERAL EXPENSES OF THE COUNCIL	10	-	1,200	(26,365,101)	(26,294,733)	(26,365,101)
-	-	(1,958,996)	(2,113,808)	(1,958,996)	OFFICE OF THE SPEAKER	15	-	-	(2,299,767)	(2,563,662)	(2,299,767)
-	-	(14,949,334)	(12,383,752)	(14,949,334)	EXECUTIVE MAYOR	17	-	-	(11,074,758)	(11,592,297)	(11,074,758)
-	-	(995,428)	(1,043,953)	(995,428)	STRATEGIC MANAGEMENT	18	-	-	(1,052,091)	(887,568)	(1,052,091)
156,431	-	(2,611,681)	(2,551,063)	(2,455,250)	COMMUNICATION	460	1,053	-	(2,549,559)	(2,618,817)	(2,548,506)
-	-	(7,360,913)	(7,400,176)	(7,360,913)	SPEAKER ADMINISTRATION	540	-	-	(8,196,337)	(8,346,858)	(8,196,337)
-	2,650,000	(9,556,963)	(9,655,411)	(9,556,963)	MUNICIPAL MANAGER	550	750,000	750,000	(9,861,487)	(9,482,588)	(9,111,487)
-	-	(1,375,888)	(1,465,918)	(1,375,888)	OFFICE OF THE COUNCIL WHIP	970	-	-	(1,505,909)	(1,595,658)	(1,505,909)
190,524,574	158,033,168	(121,674,050)	(100,242,160)	68,850,524	Finance and Administration		179,510,121	180,594,918	(136,223,343)	(120,134,517)	43,286,779
-	-	(404,579)	(426,700)	(404,579)	DONATIONS	19	-	-	(48,713)	(1,070,000)	(48,713)
-	-	1,204	(183,157)	1,204	OCCUPATIONAL HEALTH & SAFETY	21	-	-	(400,006)	(442,077)	(400,006)
69,107	217,891	(287,409)	(317,891)	(218,302)	HOUSING:SE:SKEMERING(36FLATS)	50	76,521	81,440	(294,093)	(295,308)	(217,572)
54,492	71,847	(106,214)	(117,347)	(51,722)	HOUSING:SE:HARMONIE(26FLATS)	60	56,731	60,905	(112,936)	(122,905)	(56,206)
39,970	55,197	(53,026)	(90,797)	(13,056)	HOUSING:SE:IMMERGROEN(20FLATS)	70	43,610	43,338	(55,311)	(89,238)	(11,701)
174,850	148,485	(232,557)	(270,085)	(57,707)	HOUSING:SE:UITKOMS(69FLATS/1CH	75	181,951	154,649	(177,448)	(186,999)	4,502
-	-	(3,009,153)	(3,229,733)	(3,009,153)	SECURITY	99	-	-	(3,429,864)	(3,762,382)	(3,429,864)
435,024	207,000	(302,555)	(378,957)	132,469	TOWN LANDS	150	580,821	250,000	(328,197)	(328,045)	252,624
73,776,606	77,464,960	(167,632)	(167,632)	73,608,974	ASSESSMENT RATES	170	80,360,659	72,907,339	(167,632)	(167,632)	80,193,027
-	-	(214,529)	(225,000)	(214,529)	GRANTS-IN-AID AND DONATIONS	230	-	-	(229,139)	(225,000)	(229,139)
306,638	183,500	(228,591)	(262,597)	78,047	IKAGENG FLATS	233	311,244	303,829	(371,714)	(491,879)	(60,470)
1,800	-	(3,232,794)	(2,206,282)	(3,230,994)	ASSET MANAGEMENT	250	-	-	(2,451,188)	(2,739,756)	(2,451,188)
661,468	180,000	(3,979,536)	(3,820,034)	(3,318,068)	HUMAN RESOURCES	290	1,365,616	373,000	(5,274,406)	(3,798,864)	(3,908,789)
-	-	(1,585,357)	(1,620,558)	(1,585,357)	EMPLOYMENT EQUITY & SKILLS DEVELOPMENT	316	-	-	(1,956,911)	(2,052,690)	(1,956,911)
-	-	(449,086)	(464,134)	(449,086)	LABOUR RELATIONS UNIT	317	-	-	(511,205)	(521,855)	(511,205)
-	-	(12,110)	(39,176)	(12,110)	RESEARCH:GY,D,A & C	318	-	-	(8,201)	(13,511)	(8,201)
-	-	(2,064,888)	(2,111,881)	(2,064,888)	CORPORATE SERVICES ADMINISTRATION	319	-	-	(2,189,649)	(2,267,704)	(2,189,649)
-	-	(708,741)	(1,122,091)	(708,741)	CLEANING SERVICES	321	-	-	-	-	-
-	-	(1,014,617)	(1,034,897)	(1,014,617)	PRINTING DEPT	545	-	-	(820,301)	(851,048)	(820,301)
112,865,184	78,703,688	(47,847,154)	(48,468,042)	65,018,030	FINANCE	560	95,241,527	105,210,000	(51,450,810)	(45,057,613)	43,790,717
-	-	(2,123,423)	(2,110,278)	(2,123,423)	GOVERNANCE	561	-	-	(2,385,579)	(2,399,776)	(2,385,579)
-	-	(16,618,974)	(1,130,130)	(16,618,974)	BUDGET MANAGEMENT	562	-	-	(19,877,389)	(13,117,924)	(19,877,389)
1,714,409	750,000	(16,885,346)	(7,667,296)	(15,170,937)	FINANCIAL MANAGEMENT	563	1,028,380	1,000,000	(20,629,092)	(14,143,098)	(19,600,712)
363,675	-	(6,722,942)	(6,877,702)	(6,359,266)	REVENUE MANAGEMENT	564	201,172	150,000	(8,018,148)	(8,229,715)	(7,816,976)
-	-	(7,887,067)	(9,096,647)	(7,887,067)	COMPUTER SERVICES	565	-	-	(8,205,810)	(10,631,986)	(8,205,810)
-	-	(3,767,379)	(3,973,183)	(3,767,379)	TELEPHONE EXCHANGE	590	-	-	(3,556,749)	(3,759,101)	(3,556,749)
219	-	(2,117,717)	(2,226,512)	(2,117,497)	VALUATION SERVICES	620	-	-	(2,395,232)	(2,382,792)	(2,395,232)
-	-	-	-	-	PROMOSA: HOUSE ECON SCH 1	940	-	-	-	-	-
189	300	(61)	(360)	129	PROMOSA: E.L.S SCHEME 2(6HOUSE	950	189	180	(5)	(680)	184
1,712	1,500	(529)	(600)	1,183	PROMOSA: E.L.S.SCHEME7(30HOUSE	985	1,712	1,712	(1,544)	(3,212)	168
33,905	30,000	(28,680)	(27,696)	5,225	PROMOSA: SUB ECO SCH 1+2(378H)	990	33,878	33,924	(16,595)	(63,924)	17,283
675	1,000	(166)	(200)	509	PROMOSA: SUB ECO SCH3 (19 H)	1000	804	864	(14)	(1,864)	791
2,078	2,800	(477)	(500)	1,601	PROMOSA: SUB ECO SCH4 (53HOUSE	1010	1,798	1,923	(376)	(4,923)	1,423
1,776	1,000	(747)	(774)	1,029	PROMOSA: SUB ECO SCH 5 (75 HOU	1020	1,776	1,776	(23)	(2,776)	1,753
5,275	6,000	(976)	(984)	4,298	PROMOSA: E.L.S. SCHEME 8 (51H)	1021	5,275	4,520	(3,237)	(10,520)	2,037
15,521	8,000	(15,711)	(15,909)	(190)	PROMOSA: E.L.S.SCH9(10 FLATS)	1022	16,456	15,519	(19,647)	(23,519)	(3,191)
-	-	395,469	(556,398)	395,469	EMPLOYEE ASSISTANCE PROGRAMME	1350	-	-	(836,178)	(874,201)	(836,178)

37,222,303	5,223,972	(17,355,348)	(20,147,620)	19,866,955	Planning and development		24,569,905	29,663,000	(14,167,596)	(20,174,718)	10,402,309
556,443	315,000	(2,325,642)	(3,403,396)	(1,769,199)	LAND DEVELOPMENT AND PROPERTY RIGHTS	165	515,082	400,000	(2,415,319)	(2,481,913)	(1,900,237)
185,424	3,211,000	(5,677,862)	(6,171,748)	(5,492,438)	LAND USE MANAGEMENT	320	351,400	145,000	(4,490,073)	(4,762,050)	(4,138,673)
35,475,288	1,127,542	(5,373,237)	(5,946,429)	30,102,051	CIVIL ENG: DESIGN OFFICE	330	22,498,806	28,400,000	(2,715,168)	(8,453,644)	19,783,638
399,764	265,430	(3,871,128)	(3,868,759)	(3,471,364)	ECONOMIC DEVELOPMENT	465	557,107	255,000	(4,451,043)	(4,349,907)	(3,893,936)
605,383	305,000	(107,478)	(757,288)	497,905	BUILDING CONTROL SECTION	1023	647,509	463,000	(95,993)	(127,204)	551,516
678,823	-	(6,799,335)	(6,904,783)	(6,120,512)	Health		1,731,192	5,265,907	(5,518,779)	(5,848,533)	(3,787,587)
449,272	-	(2,069,515)	(2,056,073)	(1,620,243)	HEALTH ADMINISTRATION	180	-	-	(1,689,073)	(1,695,287)	(1,689,073)
229,552	-	(1,877,796)	(1,888,292)	(1,648,244)	ENVIRONMENTAL HEALTH	186	1,730,950	2,272,682	(1,943,002)	(1,956,944)	(212,052)
-	-	(222,513)	(235,183)	(222,513)	POTCH CLINIC	190	-	2,607,701	(141,444)	(185,263)	(141,444)
-	-	(146,779)	(132,919)	(146,779)	TOP CITY CLINIC	195	-	-	(188,323)	(186,529)	(188,323)
-	-	(284,018)	(326,589)	(284,018)	PEST CONTROL	200	-	385,524	(291,776)	(340,282)	(291,776)
-	-	(864,894)	(874,958)	(864,894)	LESEGO CLINIC	205	-	-	(203,770)	(230,642)	(203,770)
-	-	(664,170)	(728,382)	(664,170)	REST ROOMS	210	242	-	(856,476)	(1,032,153)	(856,234)
-	-	(345,595)	(329,889)	(345,595)	PROMOSA CLINIC	215	-	-	(74,366)	(85,576)	(74,366)
-	-	-	-	-	OCCUPATIONAL HEALTH & SAFETY	217	-	-	-	-	-
-	-	(959)	(958)	(959)	STEVE TSWETE CLINIC	218	-	-	(959)	(960)	(959)
-	-	(480)	(480)	(480)	HOME BASED CARE	219	-	-	(480)	(480)	(480)
-	-	(119,685)	(115,454)	(119,685)	BOIKI TLHAPI CLINIC	220	-	-	(90,927)	(87,713)	(90,927)
-	-	(202,931)	(215,606)	(202,931)	MOHADIN CLINIC	225	-	-	(38,182)	(46,704)	(38,182)
-	-	-	-	-	GATEWAY CLINIC	226	-	-	-	-	-
-	-	-	-	-	EXTENSION 11 CLINIC	227	-	-	-	-	-
-	-	-	-	-	MATLWANG CLINIC	228	-	-	-	-	-
4,702,060	1,170,275	(20,553,584)	(25,605,724)	(15,851,524)	Community and social services		5,861,071	4,358,645	(23,008,676)	(24,045,325)	(17,147,605)
431,627	398,391	(1,885,583)	(1,981,796)	(1,453,956)	CEMETERY	30	330,325	405,000	(2,031,829)	(2,112,808)	(1,701,504)
438,235	370,737	(15,691)	(15,989)	422,544	CEMETERY PROMOSA	35	424,473	370,000	(10,837)	(17,455)	413,636
-	3,933	(7,643)	(7,619)	(7,643)	CEMETERY MOHADIN	40	-	4,000	(21,362)	(20,295)	(21,362)
22,061	26,186	(1,084,835)	(1,148,389)	(1,062,774)	CEMETERY IKAGENG	45	25,693	23,000	(1,102,896)	(1,153,872)	(1,077,203)
-	-	(37,867)	(50,138)	(37,867)	CEMETERY REGIONAL	47	-	-	(70,245)	(72,300)	(70,245)
3,503,097	122,986	(4,745,356)	(4,932,426)	(1,242,259)	LIBRARY	80	4,785,068	3,407,445	(5,562,342)	(5,684,862)	(777,274)
2,923	1,139	(534,104)	(550,222)	(531,181)	LIBRARY KANONNIERSPARK	81	2,769	-	(620,549)	(668,743)	(617,780)
12,538	2,900	(141,178)	(179,307)	(128,641)	LIBRARY MOHADIN	82	10,067	-	(156,934)	(181,138)	(146,866)
10,065	3,447	(468,789)	(480,582)	(458,725)	LIBRARY PROMOSA	85	8,566	-	(523,487)	(529,440)	(514,921)
40,316	20,700	(846,303)	(861,747)	(805,987)	LIBRARY IKAGENG	87	10,992	20,000	(1,192,977)	(1,210,879)	(1,181,986)
-	926	(424,110)	(513,977)	(424,110)	LIBRARY IPELENG	88	-	-	(565,719)	(617,504)	(565,719)
64,113	116,250	(1,357,609)	(1,416,649)	(1,293,496)	CIVIC CENTRE	155	94,685	90,500	(1,452,239)	(1,478,851)	(1,357,553)
87,368	54,700	(732,479)	(781,006)	(645,111)	COMMUNITY CENTRES	160	100,248	54,700	(821,851)	(831,794)	(721,603)
9,018	4,000	(9,559)	(19,266)	(541)	LAPA	235	10,152	4,000	(20,146)	(26,266)	(9,994)
-	-	(1,023,821)	(1,828,993)	(1,023,821)	DAN TLOOME COMPLEX	270	-	-	(1,415,713)	(1,480,937)	(1,415,713)
41,021	280	(3,045,590)	(3,088,159)	(3,004,569)	CULTURE PROMOTION	280	16,459	-	(3,253,421)	(3,302,723)	(3,236,963)
23,178	43,700	(842,674)	(946,671)	(819,497)	CITY HALL, BOARD ROOM AND OFFICES	530	21,774	-20,000	(1,166,496)	(1,198,816)	(1,144,722)
16,500	-	(3,350,390)	(6,802,788)	(3,333,890)	COMMUNITY SERVICES ADMINISTRATION	555	19,800	-	(3,019,633)	(3,456,642)	(2,999,833)
-	-	(3,823,573)	(3,890,406)	(3,823,573)	Housing		-	-	(4,107,594)	(4,213,465)	(4,107,594)
-	-	(3,823,573)	(3,890,406)	(3,823,573)	HOUSING SUPPORT	275	-	-	(4,107,594)	(4,213,465)	(4,107,594)
18,787,443	12,484,100	(34,123,452)	(35,347,193)	(15,336,009)	Public Safety		7,837,438	13,924,873	(37,801,567)	(38,058,826)	(29,964,129)
-	-	(4,127,185)	(4,413,578)	(4,127,185)	PUBLIC SAFETY ADMINISTRATION	20	-	-	(5,424,150)	(5,417,095)	(5,424,150)
306,497	22,000	(10,499,183)	(11,014,018)	(10,192,686)	FIRE BRIGADE	90	36,078	1,213,273	(12,750,608)	(12,196,783)	(12,714,530)
475,184	220,500	(425,062)	(528,153)	50,122	FIRE EMERGENCY TRAINING	95	579,202	425,000	(646,142)	(632,352)	(66,940)
-	-	(477,784)	(589,039)	(477,784)	FIRE SAFETY	98	-	-	(90,180)	(99,631)	(90,180)
-	-	(1,692,032)	(1,928,627)	(1,692,032)	DISASTER MANAGEMENT	110	-	-	(2,404,743)	(2,379,556)	(2,404,743)
25,013	31,600	(10,830)	(11,104)	14,183	PARKING	390	7,400	31,600	(10,830)	(8,830)	(3,430)
17,980,148	12,210,000	(14,639,540)	(14,163,175)	3,340,608	TRAFFIC DEPARTMENT	610	7,207,193	12,255,000	(13,783,553)	(14,358,782)	(6,576,360)

-	-	(462,355)	(600,232)	(462,355) LEGAL COMPLIANCE OFFICE	612	-	-	(475,938)	(522,765)	(475,938)
600	-	(1,789,480)	(2,099,267)	(1,788,880) TRAFFIC ENGINEERING	615	7,565	-	(2,215,422)	(2,441,032)	(2,207,857)
3,846,742	2,997,388	(53,027,416)	(27,855,930)	(49,180,675) Sport and recreation		3,874,902	3,381,516	(30,734,725)	(31,788,691)	(26,859,823)
1,576	1,863	(272,616)	(273,423)	(271,040) COUNTRY CLUB	100	1,576	-	(285,392)	(285,393)	(283,816)
2,802,017	2,903,466	(4,913,096)	(4,823,218)	(2,111,080) LAKESIDE RECREATION RESORT	120	2,926,273	2,720,156	(5,665,255)	(5,683,922)	(2,738,982)
-	-	(226,538)	(249,807)	(226,538) LAKESIDE SWIMMING POOL	130	-	-	(270,892)	(327,658)	(270,892)
-	-	(169,822)	(200,103)	(169,822) LAKESIDE LANDS	140	-	-	(188,461)	(231,136)	(188,461)
5,023	9,449	(24,909,416)	(124,704)	(24,904,393) AERODROME	236	26,619	10,000	(1,075,221)	(1,068,724)	(1,048,602)
-	-	-	-	- PARKS: PLANTATION	400	-	-	-	-	-
277,387	20,700	(1,661,259)	(1,512,509)	(1,383,872) PARKS RECREATION	405	33,311	20,200	(1,567,424)	(1,562,428)	(1,534,113)
11,375	7,452	(1,046,114)	(988,562)	(1,034,740) ATHLETICS	410	2,832	7,500	(1,144,077)	(1,187,064)	(1,141,245)
-	-	(353,447)	(354,000)	(353,447) NORTH WEST CRICKET	413	-	-	(350,000)	(355,000)	(350,000)
-	-	(12,532)	(19,075)	(12,532) HIKING TRAILS	415	-	-	(10,260)	(10,540)	(10,260)
707	3,416	(3,452,310)	(3,458,431)	(3,451,603) PLANTS	420	934	3,000	(3,498,393)	(3,549,571)	(3,497,459)
-	-	(1,547,738)	(1,638,039)	(1,547,738) OPEN TERRAINS	425	-	-	(1,773,969)	(1,814,461)	(1,773,969)
589,425	28,256	(2,901,036)	(2,446,676)	(2,311,611) SPORTS	430	658,924	28,000	(2,688,205)	(2,720,620)	(2,029,282)
79,578	-	(94,500)	(36,007)	(14,922) MOHADIN SPORT & RECREATION	435	165,271	-	(204,794)	(51,424)	(39,523)
5,057	1,449	(59,459)	(50,843)	(54,402) PROMOSA SPORT & RECREATION	436	1,377	-	(73,801)	(99,253)	(72,424)
11,968	-	(456,565)	(519,998)	(444,597) IKAGENG SPORT & RECREATION	437	4,842	-	(492,879)	(542,543)	(488,037)
-	-	(2,770,209)	(2,903,732)	(2,770,209) STREET TREES	440	-	-	(2,795,118)	(3,038,337)	(2,795,118)
-	-30,000	(2,668,293)	(2,862,101)	(2,668,293) PARKS ADMINISTRATION	450	-	550,000	(2,959,725)	(3,181,651)	(2,959,725)
-	-	(3,651,447)	(3,461,792)	(3,651,447) LAWNMOWING SERVICES	455	-	-	(3,611,086)	(3,778,654)	(3,611,086)
29,469	31,050	(972,763)	(962,795)	(943,294) POTCH SWIMMING POOL	580	31,510	35,000	(1,073,148)	(1,131,299)	(1,041,638)
9,500	518	(346,856)	(395,386)	(337,356) IKAGENG SWIMMING POOL	585	-	-	(456,142)	(534,368)	(456,142)
11,813	12,110	(284,303)	(303,825)	(272,490) MOHADIN SWIMMING POOL	586	10,998	-	(285,609)	(355,897)	(274,611)
11,848	7,659	(257,097)	(270,904)	(245,249) PROMOSA SWIMMING POOL	587	10,436	7,660	(264,873)	(278,748)	(254,437)
-	-	(1,677,854)	(2,153,591)	(1,677,854) Environmental protection		-	-	(1,960,647)	(2,229,859)	(1,960,647)
-	-	(1,677,854)	(2,153,591)	(1,677,854) ENVIRONMENTAL MANAGEMENT	185	-	-	(1,960,647)	(2,229,859)	(1,960,647)
51,177,170	49,599,878	(58,459,691)	(61,960,437)	(7,282,521) Waste management		58,200,961	63,365,559	(62,237,737)	(65,695,541)	(4,036,775)
58,500	800	(6,913,880)	(6,897,678)	(6,855,380) CIVIL ENG: ADMINISTRATION	310	221,750	250,000	(7,623,226)	(8,186,654)	(7,401,476)
-	-	(1,717,768)	(1,682,359)	(1,717,768) CIVIL ENG: STORM WATER DRAINAGE	360	-	-	(1,787,263)	(1,926,855)	(1,787,263)
-	-	(3,988,500)	(4,304,630)	(3,988,500) CLEANSING - STREETS	370	-	-	(4,433,458)	(4,958,152)	(4,433,458)
-	-	(5,338,316)	(5,533,421)	(5,338,316) PAVEMENTS	380	-	-	(5,501,096)	(5,775,701)	(5,501,096)
-7,595	-	(181,066)	(178,800)	(188,662) CIVIL ENG: CLEANSING - SAN AND VACUUM	470	-294	-	(215,075)	(199,050)	(215,369)
17,181,291	16,993,930	(21,560,602)	(24,228,152)	(4,379,311) REFUSE REMOVAL	480	20,889,410	25,330,748	(22,012,427)	(24,290,380)	(1,123,018)
33,722,498	32,392,148	(1,332,994)	(1,392,582)	32,389,505 CIVIL ENG: SEWERAGE ADMINISTRATION	490	36,984,090	37,648,906	(1,101,562)	(1,712,998)	35,882,528
222,475	213,000	(7,706,144)	(7,771,062)	(7,483,668) CIVIL ENG: SEWERAGE-RETICULATION NETW	500	106,006	75,000	(7,716,963)	(7,397,956)	(7,610,958)
-	-	(2,570,350)	(2,538,527)	(2,570,350) MAIN SEWERAGE PUMPING STATION	510	-	-	(2,864,653)	(2,546,331)	(2,864,653)
-	-	(7,150,070)	(7,433,226)	(7,150,070) SEWERAGE PURIFICATION WORKS	520	-	-	(8,982,012)	(8,701,464)	(8,982,012)
-	-	-	-	- MAINTENANCE BUILDINGS	600	-	60,905	-	-	-
10,247,093	5,748,000	(22,349,967)	(22,847,783)	(12,102,874) Road transport		10,428,274	11,422,940	(24,070,111)	(25,584,512)	(13,641,837)
5,528,555	3,130,000	(2,432,240)	(2,542,964)	3,096,315 LICENSING	240	5,290,907	5,734,940	(2,804,752)	(2,861,004)	2,486,154
4,713,443	2,610,000	(3,162,366)	(3,511,557)	1,551,077 TEST GROUNDS	245	5,120,767	2,180,000	(3,807,696)	(3,825,754)	1,313,071
-	-	(4,148,200)	(4,491,587)	(4,148,200) MECHANICAL WORKSHOP	260	-	-	(3,956,789)	(4,923,066)	(3,956,789)
-	-	-	-	- CIVIL ENG:SUSPENSE	315	-	-	-	-	-
5,095	8,000	(12,422,411)	(12,089,857)	(12,417,316) CIVIL ENG: ROAD AND STREET WORKS	340	16,600	3,508,000	(13,342,122)	(13,795,870)	(13,325,522)
-	-	(184,750)	(211,818)	(184,750) CIVIL ENG: RAILWAY POTCH INDUSTRIA	350	-	-	(158,751)	(178,818)	(158,751)
64,102,226	56,422,194	(24,663,984)	(34,351,117)	39,438,242 Water		61,132,693	69,153,278	(29,909,376)	(37,064,782)	31,223,317
-	-	(12,132,910)	(20,413,015)	(12,132,910) WATER PURIFICATION	730	-	-	(15,656,698)	(22,247,152)	(15,656,698)

-	-	(1,205,683)	(1,209,527)	(1,205,683) WATER RETICULATION	735	-	-	(1,367,882)	(1,280,750)	(1,367,882)
311,332	380,000	(11,325,391)	(12,728,575)	(11,014,059) CIVIL ENG: WATER INTERNAL RETICULATION	740	400,238	350,000	(12,884,796)	(13,536,880)	(12,484,558)
63,790,894	56,042,194	-	-	63,790,894 CIVIL ENG: WATER INCOME	770	60,732,455	68,803,278	-	-	60,732,455
297,475,308	274,970,878	(200,380,178)	(193,251,588)	97,095,130 Electricity		362,911,625	342,694,519	(244,177,496)	(255,652,544)	118,734,129
-	-	(4,100,172)	(4,205,945)	(4,100,172) ELECTRICITY: STREET LIGHTING	570	-	-	(5,299,455)	(5,198,012)	(5,299,455)
-	-	(160,413,338)	(152,659,403)	(160,413,338) ELECTRICITY: PURCHASES (URBAN)	660	-	-	(200,601,399)	(205,458,316)	(200,601,399)
-	-	-	-	- ELECTRICITY: SUSPENSE	665	-	-	-	-	-
3,042,711	918,000	(24,391,093)	(24,249,381)	(21,348,382) ELECTRICITY: DISTRIBUTION	670	6,367,788	6,316,000	(26,940,299)	(30,551,248)	(20,572,511)
1,467,236	1,472,915	(6,064,490)	(6,273,484)	(4,597,254) ELECTRICITY: MANAGEMENT	680	1,385,829	1,413,500	(6,271,628)	(7,211,032)	(4,885,798)
-	-	(578,534)	(824,550)	(578,534) ELECTRICITY: READING OF METERS	690	-	-	(429,560)	(1,111,354)	(429,560)
14,383,828	14,232,830	(2,993,696)	(3,115,431)	11,390,132 ELECTRICITY: RURAL	700	16,387,724	17,293,410	(2,943,045)	(4,185,947)	13,444,679
16,896	53,298	(700,534)	(785,072)	(683,638) ELECTRICITY: TRADING SERVICES	710	20,777	12,500	(553,789)	(798,313)	(533,012)
278,564,637	258,293,835	(1,138,322)	(1,138,322)	277,426,315 ELECTRICITY: INCOME (URBAN)	720	338,749,507	317,659,109	(1,138,322)	(1,138,322)	337,611,185
<hr/>					<hr/>					
678,920,172	569,301,053	(626,837,781)	(595,781,379)	52,082,391 Sub-Total		716,809,235	724,576,355	(676,822,653)	(693,873,494)	39,986,581
<hr/>					<hr/>					
-	-	25,077,444	26,489,295	25,077,444 Less: Inter-departmental Charges		-	-	24,363,683	24,094,162	24,363,683
<hr/>					<hr/>					
678,920,172	569,301,053	(601,760,337)	(569,292,084)	77,159,835 Total		716,809,235	724,576,355	(652,458,971)	(669,779,332)	64,350,264
<hr/>					<hr/>					
=====					=====					

APPENDIX E(1)
TLOKWE CITY COUNCIL
ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2011

Description	2010/2011 Actual	2010/2011 Budget	2010/2011 Variance	2010/2011 Variance	Explanation of Significant Variances greater than 10% versus Budget
	R	R	R	%	
REVENUE					
Property Rates	80,360,659	79,402,332	958,327	1%	
Service Charges	476,112,036	470,747,451	5,364,585	1%	
Rental of Facilities and Equipment	4,820,234	3,917,960	902,274	19%	Additional income from camping sites, townlands and EPWP Projects
Interest Earned - External investments	8,526,311	6,400,000	2,126,311	25%	Additional income invested
Interest Earned - Outstanding debtors	15,542,059	17,000,000	(1,457,941)	-9%	Debt written off indigents
Fines	6,854,447	12,075,000	(5,220,553)	-76%	Cameras were removed from N12 route
Licences and Permits	5,087,302	2,150,000	2,937,302	58%	Increase in vehicle and driver licenses
Income for Agency Services	334,130	250,000	84,130	25%	Additional income from advertising boards
Government Grants and Subsidies	105,086,499	126,921,062	(21,834,563)	-21%	Incorrectly budgeted for Equitable share grant
Other Income	14,085,558	16,907,543	(2,821,985)	-20%	Overestimation of income to be received
Income foregone	-	(9,294,993)	9,294,993	-100%	Income foregone was not utilised
Total Revenue	716,809,235	726,476,355	(9,667,120)	(1.33)	
EXPENDITURE					
Employee Related Costs	216,297,795	211,849,299	4,448,496	2%	
Remuneration of Councillors	11,247,434	11,284,398	(36,964)	0%	
Depreciation	33,481,671	29,698,786	3,782,885	11%	
Impairment Losses	17,549,168	9,000,000	8,549,168	49%	Bad debt written off
Repairs and Maintenance	39,363,349	52,610,159	(13,246,810)	-34%	Delay on supply chain process on various projects
Interest Paid	3,383,788	10,840,612	(7,456,824)	-220%	Loan from DBSA was not taken up by council
Bulk Purchases	208,709,326	218,988,180	(10,278,854)	-5%	
Contracted Services	31,487,410	36,208,087	(4,720,677)	-15%	Overestimated on various votes
Grants and Subsidies Paid	32,124,053	25,352,335	6,771,718	21%	Under budgeted (Indigent grant R5,3 million and SETA R1,5 million)
General Expenses	58,814,977	63,947,476	(5,132,499)	-9%	
Total Expenditure	652,458,971	669,779,332	(17,320,361)		
NET SURPLUS / (DEFICIT) FOR THE YEAR	64,350,264	56,697,023	7,653,241		

APPENDIX E(2)
TLOKWE CITY COUNCIL

ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2011

Description	2010/2011 Actual	2010/2011 Total Additions	2010/2011 Budget	2010/2011 Variance	2010/2011 Variance	Explanation of Significant Variances greater than 10% versus Budget
	R	R	R	R	%	
Executive and Council	1,036,769	1,036,769	1,071,415	(34,646)	(3.23)	
Finance and Administration	1,562,287	1,562,287	1,656,491	(94,204)	(5.69)	
Planning and Development	439,806	439,806	442,674	(2,868)	(0.65)	
Health	-	-	-	-	0.00	
Community and Social Services	6,025,759	6,025,759	6,667,254	(641,495)	(9.62)	
Housing	43,327	43,327	46,150	(2,823)	(6.12)	
Public safety	2,355,823	2,355,823	2,569,829	(214,006)	(8.33)	
Sport and Recreation	-	-	-	-	0.00	
Waste management	1,163,606	1,163,606	3,400,000	(2,236,394)	(65.78)	Under expenditure on Ikageng Property sewer network & buildings at waste removal
Road Transport	33,471,767	33,471,767	52,131,153	(18,659,386)	(35.79)	Variance on road & stormwater projects not completed
Water	52,374	121,614	135,359	(13,745)	(10.15)	Under expenditure on zone water meters
Electricity	34,988,143	34,918,903	43,438,158	(8,519,255)	(19.61)	Contract on High mast lighting and integrated electricity network not completed
Other	401,295	401,295	413,117	(11,822)	(2.86)	
Total	81,540,957	81,540,957	111,971,600	(30,430,643)	(27.18)	

APPENDIX F
TLOKWE CITY COUNCIL
DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grants and Subsidies Received

Name of Grant	Name of Organ of State or Municipal Entity	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies Delayed / Withheld					Reason for Delay / Withholding of Funds	Compliance to Revenue Act (*) See below	Reason for Non-compliance
		TOTAL	Sept	Dec	March	June	TOTAL	Sept	Dec	March	June	June	Sept	Dec	March	June		Yes / No	
Southern District Clean-up Campaign	LDM	-	-	-	-	-	28,380	28,380	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Public Transport Infrastructure	Province	-	-	-	-	-	7,565	7,565	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Library	Province	-	-	-	-	-	2,844,492	2,302,577	376,219	165,697	-	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Equitable Share	Nat Treasury	69,095,256	28,789,587	23,031,669	13,740,000	3,534,000	28,147,631	3,232,663	6,267,946	7,106,966	11,540,056	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
MIG	Nat Treasury	25,448,400	-	20,043,000	-	5,405,400	22,498,809	1,053,360	2,895,872	9,650,062	8,899,515	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Municipal Finance & Systems Improvement	Nat Treasury	1,750,000	1,750,000	-	-	-	1,750,000	437,500	437,500	437,500	437,500	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Land Use Management	Province	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
LED Constitutional	Province	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
LED Projects Promoting Culture	Province	50,000	-	-	-	50,000	16,083	-	-	-	16,083	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
LED Bussines Initiative	Province	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
LED Tourism Initiative	Province	-	-	-	-	-	30,000	30,000	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
SETA	Nat Treasury	164,225	-	-	132,125	32,100	1,100,632	39,199	459,500	491,815	110,119	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Township History\ Jazz	Province	-	-	-	-	-	147,427	-	147,427	-	-	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
NER	Nat Treasury	5,366,000	-	4,046,000	1,302,000	18,000	5,366,000	-	1,154,199	89,531	4,122,270	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Economic and Growth Development	Province	-	-	-	-	-	41,650	-	-	41,650	-	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
City Branding	Province	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Main Library Extension	Province	350,877	-	350,877	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Lotto - Sports Facilities	Other	-	-	-	-	-	156,708	-	141,042	15,666	-	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Lotto - Lake Resort	Other	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Lotto - Mohadin Stadium	Other	-	-	-	-	-	165,271	-	165,271	-	-	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Lotto - Sarafina Sport Facilities	Other	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Neighbourhood Participation	Other	-	-	-	-	-	-	-	-	-	-	2,750,000	2,750,000	2,750,000	2,750,000	2,750,000	Refer note below	Yes	N/A
Total Grants and Subsidies Received		102,224,758	30,539,587	47,471,546	15,174,125	9,039,500	62,300,650	7,131,244	12,044,976	17,998,886	25,125,543	2,750,000	2,750,000	2,750,000	2,750,000	2,750,000			

Note

The reason why the Council was unable to obtain the money for the Neighbourhood Grant was that a project management consultancy could not be appointed to draw up a business plan to free the grant money

TLOKWE CITY COUNCIL

APPENDIX G

GENERAL STATISTICS AS AT 30 JUNE 2011

<u>GENERAL STATISTICS</u>	<u>2011</u>	<u>2010</u>
<u>Population</u> (Estimate)	250 000	250 000
<u>Registered voters</u>	86 741	86 741
<u>Valuations:</u>		
<u>Total valuation</u>		
Taxable Property	R 20 531 640 300	R 20 414 797 150
Non Taxable Property	R 1 265 434 960	R 1 234 298 900
Total Property	R 21 797 075 260	R 21 649 096 050
Residential	R 12 642 413 800	R 12 539 154 700
Commercial	R 2 160 537 000	R 2 178 513 000
Valuation Date	1 July 2009	1 July 2009
Number of Premises	44 428	44 428
<u>Employees:</u>		
Number of employees in service	1 083	1 030
<u>Electricity:</u>		
Units (kWh) purchased	469 229 260	467 221 332
Purchase cost per kWh	43.17c	34.16c
Units (kWh) sold	443 615 717	428 710 103
Units (kWh) lost with distribution	25 613 543	38 511 229
Percentage lost with distribution	5.46%	8.24%
Cost per unit sold	55.08c	46.1700
Income per unit sold	80.69c	68.45c
<u>Water:</u>		
kl purchased	14 459 652	13 362 577
Purchased cost per kiloliter	R 2.07	R 1.79
kl sold	12 593 292	12 745 307
kl lost with distribution	1 866 360	617 270
Percentage lost with distribution	12.91%	4.62%
Cost per kl sold	R 2.38	R 1.88
Income per kl sold	R 4.85	R 4.24